

EUROPEAN NEWS

Czech leader blames economic planners

PRESIDENT Gustav Husak, Czechoslovakia's leader, criticised the country's economic planners and managers for "hindering our progress" in a keynote speech to the Communist Party Congress which opened yesterday in Prague, writes Leslie Collitt in Prague.

It was the first East European Party Congress to follow the sharp indictment of Soviet economic ills by Mr Mikhail Gorbachev at last month's party congress in Moscow. However, unlike Mr Gorbachev, Mr Husak did not mention the need for "reform," while criticising erratic economic performance. The word is associated in Czechoslovakia with the political and economic programme of the ill-fated Reform Communist Movement in Prague in 1968.

Mr Husak praised the Soviet Congress for "stimulating and inspiring" the Czechoslovak party. Mr Husak nonetheless reminded his party's delegates of the dangers of economic stagnation.

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Athens statue bombing 'a warning'

By Adriana Ierodiaconou in Athens

THE BOMBING of a statue of former US President Harry Truman in central Athens on Saturday was intended as a symbolic warning to Mr George Shultz, US Secretary of State, who was due to arrive in Athens today for a three-day official visit, according to a Greek underground group which claimed responsibility for the bombing.

The attack which knocked the two-ton bronze statue off its pedestal and broke windows in nearby buildings, without causing any injuries, has added an edge of tension to extensive security preparations for Mr Shultz's visit.

The statue stood not far from the Athens Hilton Hotel where the Secretary of State and his entourage are expected to be based.

Co-operation against terrorism is expected to be an important item on the agenda of Mr Shultz's talks with the Greek Government.

Shultz talks in Ankara run into heavy weather

BY DAVID BARCHARD IN ANKARA

AS THE visit of the US Secretary of State, Mr George Shultz, moved into its final 24 hours, Turkey and the US appeared to be finding it difficult to resolve differences on a wide range of issues, including the terms of a new defence and economic co-operation agreement (Deca).

Informed sources in Ankara now say it is unlikely that there will be any agreement on the Deca before Mr Shultz flies out of Ankara today to Athens.

Mr Shultz's visit appears to have got off to a bad start in Istanbul when he brushed aside requests from Turkish industrialists to ease US quota restrictions for Turkish textile exports. His alleged remarks provoked angry headlines in yesterday's Turkish newspapers.

It appears that Turkey is continuing to insist that it should be given more favourable trade and economic relations with the US as part of the five-year Deca more than the US side feels able to give. So far, after two meetings with the Turkish Foreign Min-

ister, Mr Vahit Halefoglu, Mr Shultz appears to have made no progress whatsoever on other problem areas such as Cyprus and relations with Greece.

Members of the visiting American delegation had long faces and there was little of the exuberance which is usual on this sort of occasion.

It seems that Turkey—which is well aware of its strategic indispensability to the North Atlantic Treaty Organisation (Nato) has decided to hold out for the highest terms possible. Its likely aim is not to intimidate the Reagan Administration but to convince the US Congress in Washington—where Turkey has many staunch enemies in the Greek and Armenian lobbies—that Turkey believes that it is not being fairly treated by the US and feels entitled to a much larger amount of military and economic aid than the \$934m granted last year in exchange for its contributions to the Western alliance.

Asbestos panic shuts schools in Denmark

By Hilary Barnes in Copenhagen

DENMARK HAS been swept by an asbestos panic which emerged suddenly about two weeks ago and is now causing chaos in the nation's schools.

Parents and teachers all over the country are demanding that in schools where asbestos has been used, usually as cladding for ceilings, the schools are to be closed and the asbestos removed forthwith.

The Copenhagen city council's "schools mayor" has ordered all schools where asbestos has been used in the construction to be closed while the asbestos is removed. Children are meanwhile being taught in churches and any other available buildings.

The panic has also affected public offices, where staff are also calling for immediate action to remove asbestos.

Local councillors all over the country are under pressure to act, regardless of the expense.

However, scientific experts say the health hazard from removing the asbestos, a process which is bound to release asbestos fibre into the atmosphere, is probably greater than if the asbestos is left in place.

Belgrade talks for Howe

By Aleksandar Lebl in Belgrade

THE CLIMAX of the visit by Sir Geoffrey Howe, Britain's Foreign Secretary, to Belgrade was his unannounced meeting yesterday with Mr Branko Mikulic Prime Minister-designate, who will take over from Mrs Milka Planinc on May 15.

Sir Geoffrey was keen to hear about Mr Mikulic's ideas on overcoming the Yugoslav economic crisis in general and in particular about the economic policy after the standby agreement with the International Monetary Fund expires on that day.

Sir Geoffrey is believed to have stressed that there were bound to be conditions set for the multi-year rescheduling.

Sir Geoffrey also met Mr Janez Zemljic, acting Prime Minister while Mrs Planinc visits Austria.

Yugoslavia urged to act on Waldheim Nazi claim

THE NAZI-HUNTER, Mr Simon Wiesenthal, called on Yugoslavia yesterday to respond to charges that Mr Kurt Waldheim, the former UN chief, was listed as a suspected Nazi war criminal wanted by Yugoslavia for complicity in murder, Kenter reports from Vienna.

Speaking to journalists at the Vienna-based Jewish Documentation Centre which he heads, Mr Wiesenthal said the listing raised controversy around Mr Waldheim—now campaigning for the Austrian presidency—to a totally new level.

The World Jewish Congress (WJC) said in New York on Saturday it had found a 1943 US army document listing Mr Waldheim, 67, as being sought by Yugoslavia on suspicion of complicity in murder.

Mr Waldheim on Sunday rejected all allegations of a Nazi past and accused the WJC of waging a slander campaign against him.

"An accusation of murder is of a quite different order," Mr Wiesenthal told a news conference, referring to other charges in the past month that Mr Waldheim belonged to three minor Nazi groups.

"When it's a question of murder I want to know the truth. The truth lies with the Yugoslav Government."

Mr Wiesenthal said he had sent a telegram to Mrs Milka Planinc, the Yugoslav Prime Minister, now on an official visit to Austria, asking her government to publish the reasons why Mr Waldheim was placed on a war crimes list.

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You may also be interested in the latest survey of companies already on the USM or OTC, commissioned by Spicer and Pegler.

We asked them why they had decided to obtain a quotation, whether their expectations had been fulfilled and, if not, why not.

It's just been published as a document entitled 'Going Public: The USM and OTC Experience.'

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Guillaume calls for improved farm incomes

By IVO DAWNAY IN BRUSSELS

MR FRANÇOIS GUILLAUME, the new French farm minister, flew into Brussels yesterday with a firm declaration that his first objective in the EEC farm crisis would be to improve the incomes of his farmers.

But the emphasis in his various statements appears to differ substantially according to his audience. Reports on his departure from Paris claimed that the outspoken former farm union leader had committed France to fight for the full 4.7 per cent average rise in farm product prices sought by Europe's agricultural nations.

When he arrived for the farm ministers' meeting in Brussels, however, Mr Guillaume would only say that he was going to ask the European Commission to withdraw its package which calls for a price freeze and a 3 per cent tax on cereals.

"The present package could involve substantial losses in farmers' incomes," he warned.

In an introductory statement at the outset of the talks, Mr Guillaume appeared more conciliatory still. Reaffirming his government's commitment to improve farm incomes, he went on to reserve his position on the price proposals "at this stage."

Nevertheless, on the key sector of cereals production, he warned that France was unable to accept any prospect of a quota system to control the surpluses and expressed his dislike—though not outright rejection—of the prospect of a producer tax.

He also specifically advocated the dismantlement of Monetary Compensatory Amounts, the border taxes which help to iron out the impact of currency fluctuations on intra-Community farm trade. This would be fiercely opposed by West Germany which is most protected by the system.

Later, Mr Guillaume joined Italy, Luxembourg and Ireland in challenging the budgetary discipline provisions which attempt to put a ceiling on farm spending.

At a Press conference held during the talks, Mr Guillaume went back on the offensive, calling for firmer action on farm imports from third countries including possible blanket bans on the buying in of maize and manioc for animal feed. He also attacked the continuing special quota of butter imports allowed from New Zealand.

But when pressed by journalists on his alleged demand for a 4.7 per cent price rise, he sidestepped the question.

Commission to rule on chemical cartel fines

By Paul Cheswright in Brussels

THE European Commission's competition authorities will shortly decide whether there is a hard enough case against leading chemical companies to fine them for operation of a cartel in polypropylene products.

This would round off an investigation which started in October 1983 and led to the seizure of documents from companies such as ICI and Shell International Chemical.

The final decision will be made by the full 17-man Commission. Officials have told the European Council of Chemical Manufacturers' Federations that the decision will be made within weeks rather than months.

If the investigation leads the Commission authorities to the conclusion that the 15 manufacturers involved had been fixing prices, then, under the competition rules, the companies could be liable to fines of up to 10 per cent of the annual turnover of the product involved.

In industry circles it is believed that the investigation has been rounded off and that the only barrier to the imposition of fines is an argument within the Commission itself.

This argument is said to be between two schools of thought—the first believing that the companies should be hit hard, the second holding that a degree of tolerance is needed in the interests of helping industry meeting growing competition from new producers in the Middle East.

The allegations of price collusion spring from a time of acute over-capacity in the industry and weak prices in the face of a sluggish market. At the time the companies had been engaged in abortive talks with the Commission about a centralised scheme for closing down plants.

In late 1983, general over-capacity in the petrochemicals sector was 30 per cent. This has now been reduced to a nominal 15 per cent.

Partly as a result of this restructuring, polypropylene prices have latterly been more stable.

Polypropylene is a plastic used in products as varied as nappy liners and cable wraps. The producers caught up in the Commission inquiries, apart from ICI and Shell, include Hoechst and BASF from West Germany, and Montedison from Italy, which had started a joint venture with Hercules of the US shortly before the investigation began.

Car exhaust standards slow to be adopted

By JOHN GRIFFITHS

ONE YEAR on from the first EEC "compromise" on car exhaust pollution levels, it is evident that it will create neither common exhaust standards nor a common timetable for their introduction among individual member countries, according to constants DRI Europe.

"The varying industrial and environmental priorities of EEC member states are already hardening into different speeds of adaptation," says the 370-page report, which was commissioned by Europe's principal vehicle manufacturers and energy supply companies.

Despite the first phase of the EEC Commission's draft directive being due to come into effect in 1987-88—for cars over two litres, "progress towards tighter exhaust emissions standards will be slow. The (EEC) market will not approach complete conformity to the standards proposed in the EEC draft directive until 1995," says the report. "Atmospheric pollution is related, moreover, to the number of new vehicles in circulation, not

vehicles sold. It will be 1988 before the majority of petrol engines in use conform."

The problem inherent in the directive, points out DRI, is that it is "permissive"—individual member states are not required to apply the standards of timetable within their national boundaries.

One major problem is identified as the availability of unleaded petrol. This is essential for cars fitted with catalytic converters. Cars of more than two litres will need time to meet the 1987-88 standard. But the UK, for

example, will have little unleaded petrol availability until 1990. So "the UK will disregard the emissions standards for large cars until considerably past the European deadline. France, Belgium, Italy and Spain are also potential laggards," says the report.

It suggests that all medium-sized cars, with engines of between 1.4 and 2 litres, will eventually be able to meet the standards without catalytic converters, using "lean burn" techniques. But precisely when this is achievable remains problematic.

"There are still questions as to whether series production can economically be achieved to the tolerances required."

The report also warns that diesel cars, sales of which it projects will increase from 15 per cent of the new car total in 1984 to 22-24 per cent in the 1990s, could also face tougher emissions standards.

Automotive and Energy Industries: European Emissions Control and Auto Fuel Use, DRI Europe, 30 Old Queen St, St. James's Park, London SW1 9EP.

power in parliament. Mr Kohlmann is also of the FDP.

In spite of the endorsements by Mr Kohl and his conservatives for President Reagan's \$26bn plan for a space-based anti-missile defence system, the FDP has remained critical of the project and cool to German participation.

Mr Kohl intervened personally last week to discuss the negotiations with Mr Casper Weinberger, the visiting US Defense Secretary. Both men later declared that basic agreement had been reached and a pact could be signed this week.

The announcement ruffled the negotiations with Washington since Bonn decided on December 16 last year to seek a role in Star Wars research for German industry, though without any commitment of state funds.

Bonn would be the second US ally after Britain to sign an SDI accord. But unlike the classified British pact, signed by defence ministers, the FDP wants Bonn to keep its distance from political-military aspects

Venture capital companies seek funding from EEC

By OUR BRUSSELS STAFF

VENTURE CAPITAL companies are seeking European Community funding to promote more syndication of investment across national borders.

The European Venture Capital Association (Evca), to which all the major private sector companies active in the area belong, wants Ecu 10m (£6.4m) from the European Commission this year and then wants a similar sum to be written into the Community budget each year from 1987 onwards.

Commission officials are examining the request with a view to passing it on to the Community's Council of Ministers for decision.

"These moves emerged from a conference of the venture capital companies in Brussels

and follow a pilot scheme, primed by Ecu 3.3m of Commission money, started in March 1985.

The scheme acted as midwife to Evca, which was born in 1983. During the pilot period of operations, 13 ventures in areas such as biotechnology and custom designed microchip production were financed, in which the average Commission contribution was 9.5 per cent.

In each case two or more venture capital companies in different countries have invested in a company or project, often by taking an equity share. It is believed by both Evca and the Commission that more transnational investment would help to stimulate small and medium sized company efforts in the high technology area.

IMF official warns Italy against oil price euphoria

By JAMES BUXTON IN ROME

THE International Monetary Fund has warned the Italian Government against allowing itself to be affected by the current climate of national euphoria over the recent sharp fall in the price of oil and in the dollar against the lira.

Mr Alan Whitmore, head of the IMF European division, who has just completed a visit to Italy, has usually criticised the Government for not doing enough to reduce the public sector deficit.

In his letter to Mr Giovanni Goria, the Treasury Minister, he points out that the Italian Government last year committed itself to taking serious action to reduce the deficit as a proportion of gross domestic product. In the event, however, the proportion actually increased from 15 to 16 per cent.

The Government should now try to make a sharp reduction in current spending, Mr Whitmore says. It should not be deluded by reductions in interest rates—lost Friday the Government cut the official discount rate from 15 to 14 per cent—because this does not

affect the real cause of the deficit, which is excessive public expenditure, not all of it deployed wisely.

Mr Whitmore, who is British, warned Italy against dropping its guard because of the favourable trend of oil prices and the dollar. Italy ought to make proportionately larger savings on its energy import bill than other European countries because of its heavy dependence on imported energy.

The IMF mission leader says that Italy would suffer from the loss of export markets both in the dollar area and among Opec countries. Savings on imported energy will be offset in part by losses in exports.

There could also be excessive increases in the cost of labour if the Government does not keep it under tight control. Italy's competitiveness in export markets could suffer too because although inflation is now dropping—it stands at around 7 per cent—it is still far higher than that of rival industrial exporters which in some cases have zero inflation.

Opus Dei praised by Pope

By JOHN GRIFFITHS

POPE JOHN PAUL yesterday voiced strong praise for Opus Dei, the conservative organisation which some Catholics have accused of excessive secrecy and of trying to be a "church within a church."

Reuter reports from Vatican City.

"I know well that... Opus Dei gives all its members and those who draw near to its apostolate a profound Christian formation," he said during a private audience for 4,000 young people associated with the organisation who are participating in an international students' meeting here.

The Pope's praise for Opus Dei followed recent criticism of the organisation in the Italian press.

Opus Dei, which promotes Catholic values in everyday secular and professional life, has about 75,000 mostly non-clerical members worldwide, some of whom practise self-flagellation and live a life of chastity. The organisation has denied the accusations of secrecy against it.

W. German coalition split over Star Wars role

By JOHN GRIFFITHS

CHANCELLOR Helmut Kohl's coalition remained divided over West Germany's proposed Star Wars role yesterday as Mr Martin Bangemann, the Economics Minister, prepared to fly to Washington to conclude negotiations, Reuter reports from Bonn.

Mr Bangemann said yesterday he expected to sign an accord this week on the strategic defence initiative (SDI), but added that "a few important questions, including whether certain clauses should remain secret, had to be settled first."

Yesterday, Mr Kohl's chief spokesman, Mr Friedhelm Ost, said there were no difficult issues outstanding and added it was quite normal for parts of such a treaty to be confidential.

The Deputy Foreign Minister, Mr Juergen Moellmann, however, said secrecy was wrong "in any respect" and he indirectly criticised Mr Kohl for giving the US the impression all was agreed.

Mr Bangemann leads the Liberal Free Democrats (FDP), the smallest party in Mr Kohl's centre-right coalition but bolders of the balance of

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COUNTER SPY SHOP

Swiss GDP up 3.2%

Swiss gross domestic product (GDP) rose 3.2 per cent in real terms in 1985, compared with 2.1 per cent in 1984, provisional figures from the Federal Statistics Office showed, Reuter reports from Bern.

In the fourth quarter of last year, GDP rose a real 4 per cent compared with 3.2 per cent in the third quarter and 2.3 per cent in the fourth 1984 quarter.

UK-Spanish treaty

SPAIN and Britain yesterday took the final legal step that will allow a new extradition treaty between the two countries to come into effect in July, Reuter writes from Madrid.

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OVERSEAS NEWS

Libyans 'fired missile at US jet'

THE US sent navy ships and aircraft into the Gulf of Sirte yesterday and American officials said they were checking news reports that Libya had fired at least one anti-aircraft missile at a US jet fighter, Reuters reports from Washington.

Earlier yesterday, Reagan Administration officials said US Navy jets had crossed Libyan leader Muammar Gaddafi's "line of death" on Sunday and challenged his claim over the Gulf of Sirte in the southern Mediterranean, without incident.

The Pentagon refused comment on the military movements, but defence officials said they were checking US broadcast reports that at least one missile - possibly a Soviet-built Sam-5 - had been fired yesterday at a US jet.

US radio reports from the area indicated yesterday that at least one anti-aircraft missile had been fired at US jets, which are conducting exercises from three aircraft carriers in a task force of nearly 30 ships north of Libya.

Mr Bob Sims, a Pentagon spokesman, said the Defence Department was checking the reports.

Administration officials said that ships and aircraft had yesterday been sent over the "line of death" drawn by Col Gaddafi just north of the Gulf of Sirte to emphasise America's right to operate in international waters.

Two US F-14 jets shot down two Libyan jets with air-to-air missiles over the gulf in 1981 after the Soviet-built Su-22 aircraft challenged the American aircraft.

The US accuses Col Gaddafi of supporting international terrorism. Tensions between Washington and Tripoli have increased since guerrilla attacks on the Rome and Vienna airports on December 27.

A US Navy task force - including the aircraft carriers America, Coral Sea and Saratoga - is holding 10 days of manoeuvres in the southern Mediterranean. The exercise is scheduled to end on April 2.

It is the fifth exercise held by the US Navy in the area this year, but neither aircraft nor ships have crossed into the Gulf of Sirte this year, officials said.

While there have been no incidents, US carrier jets have intercepted Libyan Mirage and MiG-25 jets on several occasions during the manoeuvres.

Aquino set to adopt emergency powers today

BY SAMUEL SENOREN IN MANILA

PHILIPPINES PRESIDENT Corason Aquino is expected to assume broad emergency powers today in an attempt to govern more effectively her divided nation until a constitution is written to replace the one that allowed deposed President Ferdinand Marcos to rule without interruption for 20 years.

The presidential palace said Mrs Aquino would sign the enabling document before members of her cabinet and service commanders of the armed forces which helped her topple Mr Marcos a month ago.

It was not clear what she plans to call her government because of a controversy involving the use of the word "revolutionary" which is shunned by conservative politicians and some members of the armed forces.

They have suggested that she call her government transitional or provisional until a new constitution is in place. The new constitution, which is planned to be completed within three months, will replace one dictated by Mr Marcos in 1973 that extended his powers after the two four-year terms he had been voted since becoming president in 1965.

Hardliners in Mrs Aquino's cabinet want her to declare a revolutionary government so that she can do away with legal obstacles and hasten efforts to rebuild the shattered economy. A purge of local government officials is already under way but most of them who were elected under Mr Marcos's New Society Movement insist on staying in office until new elections are called.

They plan to stage protest demonstrations and marches throughout the country starting next week to paralyse Mrs Aquino's Government.

If the plot is successful, Mrs Aquino could face a serious crisis that may call for the use of force.

A proposed draft of the constitution now under study by Mrs Aquino calls for the return to a purely presidential system and a bicameral legislature with general elections, except for president and vice president, set for November 1986.

Bank of Japan 'not pessimistic on economy'

By Jurek Martin in Tokyo

THE Bank of Japan is "not that pessimistic at this moment" about the state of the domestic economy, in spite of the rapid and steep appreciation of the yen.

A senior official at the central bank yesterday argued that because the currency had risen faster than expected, its deflationary consequences were now being emphasised, particularly in the export-oriented sectors.

But, he went on, with an equanimity notably absent from the recent public comments of most Japanese politicians, government officials and industrialists, the yen's rise will have a positive impact "among the silent majority".

While capital spending and inventory investment were being reduced because of lower exports, other main elements of domestic demand, such as housing and consumer spending, were holding up reasonably well.

Japan had yet to feel the benefits of lower oil prices, the official noted. Because oil takes so long to reach Japan, the average landed price, including freight and insurance, so far this year was way above spot market level.

The official conceded, however, that Japan could not sit still and do nothing, particularly in respect of its external imbalances. Exchange rate adjustment and monetary policy alone could not shoulder the full burden.

He maintained that economic growth must be strengthened (another policy package is due next month), that further market opening measures might be necessary ("if only to correct the perceptions about the relative openness of our markets"), that Japan must offer more foreign aid ("though this will not itself help the imbalances") that some export restraint, though undesirable, will have to be maintained and that direct capital investment overseas should be encouraged.

The official refused to comment on the Bank of Japan's "view" on the yen rate. But he felt that the US Federal Reserve was set against a further drop in the value of the dollar.

Strike by nurses hits hospitals in Sri Lanka

BY MERVYN DE SILVA IN COLOMBO


A SIX-DAY nurses' strike, led by a Buddhist monk, has virtually paralysed Sri Lanka's main state-run hospitals. However, President Junius Jayawardene has refused to meet the monk, the Venerable Ananda Thera, who is secretary of the 7,000-strong nurses' union, because, he says, his conduct is "un-Buddhist" and a violation of the Tripitaka (the holy rule book) which forbids monks from associating with women's organisations.

The nurses' union was proscribed on Saturday by the Government under emergency regulations. Mr Thera yesterday answered the ban by renaming the union and carrying on regardless from his headquarters, a suburban temple. He has called for support from other unions.

Mr Ronnie de Mel, Finance Minister, said yesterday that because defence spending had risen so much, no public-sector wage demands could be considered. The country's 21 unions have a membership of nearly 1m.

A successful strike by doctors for a monthly pay rise of Rs 1,000 was followed by a strike by dentists earlier this month.

The National Christian Council has asked President Jayawardene to "ensure that every person arrested under the Prevention of Terrorism Act (PTA) or under emergency regulations be produced before a magistrate within 48 hours, with a report setting out the person's identity, his permanent address, the date, time and place of arrest, and the place of detention."




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Thyssen informs

Business situation stable

In the first half of fiscal 1985/86 (October 1985 - March 1986) the demand for our products and services remained altogether at a high level. Thyssen's external sales worldwide attained a monthly average of DM 2.9 billion, a good 4% more than the year before. All of the divisions operate at a profit.

export business was weaker. Sales were slightly lower than in the previous year. The cost burden of alloying metals decreased because of the declining dollar exchange rate.

Thyssen's trading operations expand

Our Trading and Services Division's sales increased substantially in the first half of fiscal 1985/86. The construction market continued to be depressed. There was a strong increase in the sales of mineral oil products. Steel exports remained steady.

Steel Division sales slightly down

The trend in domestic business was good. However, export business with the USA was more difficult. In other export markets some major orders were booked, but at lower revenues per ton because of the decline in the dollar exchange rate. Sales were slightly below last year's level.

Good work load at Budd continues

During the period under review, the demand for automobiles in North America remained at a high level. All of Budd's plants are operating at full capacity. Budd's sales again attained the high level of the preceding year.

Overall demand for specialty steel remained steady, but here as well,

Resolutions of the stockholder's meeting

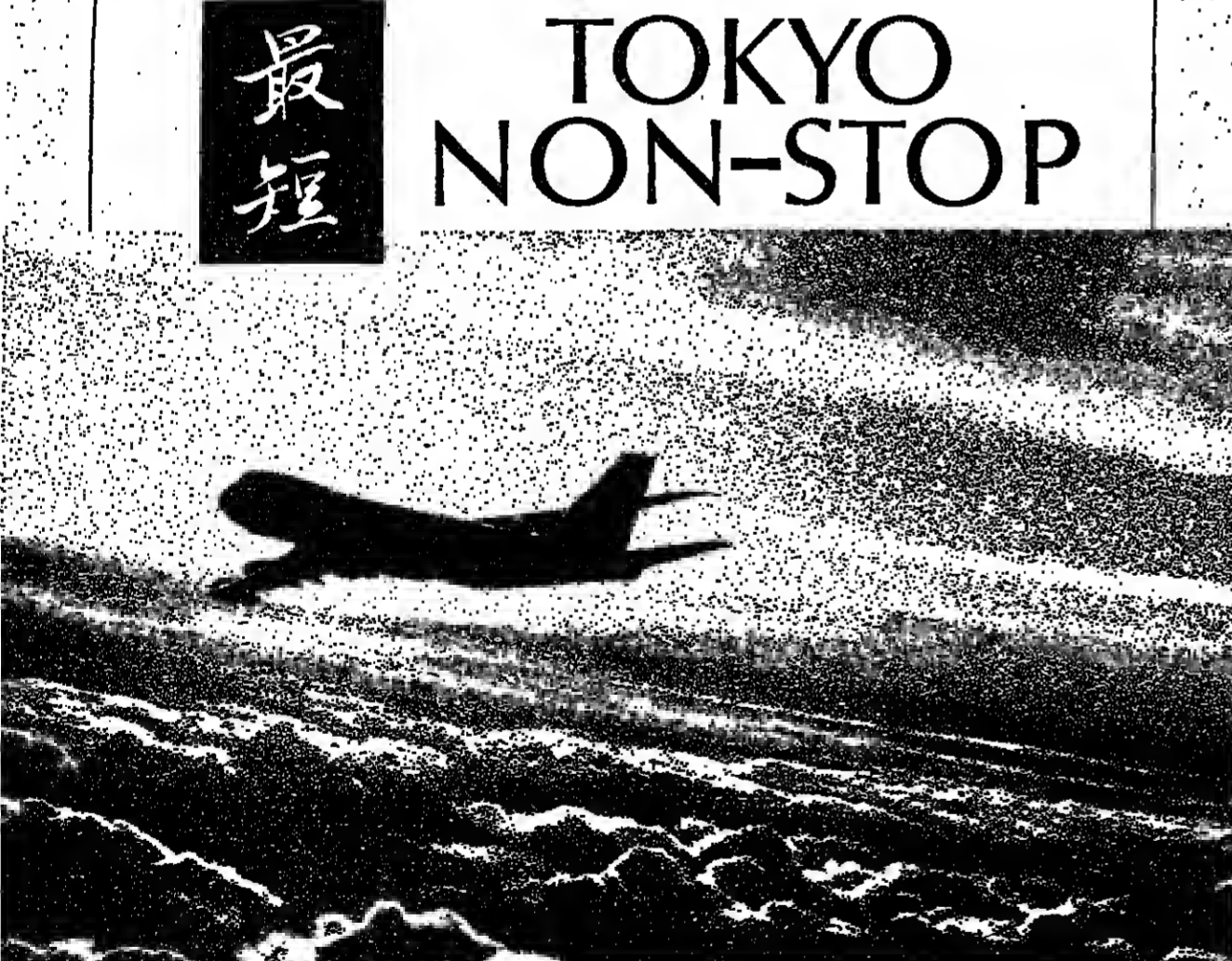
On March 21, 1986, the stockholders of Thyssen AG adopted the resolution to appropriate the net earnings of the past year for the payment of a dividend of DM 5 per nominal DM 50 share. Including tax credit, our resident taxable stockholders will receive a gross dividend of DM 7.81 per share. The other proposals of the Supervisory and the Executive Boards were also approved by a large majority. These concerned, in particular, several capital procurement measures to give our corporation greater financial latitude.

Thyssen worldwide 1984/85 (October 1, 1984 - September 30, 1985)

External sales, Thyssen worldwide DM 34.8 billion Work force (annual average) 128,000

Total sales of the Thyssen Group		Balance sheet figures	
Steel	DM 11.5 bill.	Balance sheet total	DM 19.1 bill.
Specialty steel	DM 3.8 bill.	Equity	DM 3.3 bill.
Capital goods and manufactured products	DM 10.4 bill.	Capital expenditure	DM 1,394 mill.
Trading and services	DM 18.6 bill.	Depreciation and amortization	DM 1,164 mill.
		Net income	DM 472 mill.
		Absolute dividend amount	DM 156 mill.

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AMERICAN NEWS

GM plant in Canada gets C\$2bn investment

By Bernard Simon in Toronto

GENERAL MOTORS' Canadian subsidiary is to spend C\$2bn (£1bn) to expand its car and truck plant at Oshawa, east of Toronto, into one of the company's largest assembly facilities in the world.

The centerpiece of the new investment will be facilities for such assembly of GM's planned new mid-size car model, known as the GM 10. The Oshawa plant is the third and largest site chosen by GM in North America for the GM 10 project.

Mr George Peaples, president of GM Canada, said yesterday that when commissioned in 1987 the Oshawa GM Auto-plex "as it is to be known, will produce 720,000 vehicles a year. The expansion will also include production of the GMT-400 truck.

The proposed facility consists of three adjacent assembly plants, a new stamping plant and a network of nearby suppliers. GM has spent C\$4.2bn on the Oshawa plant in the past five years.

Mr Peaples said the new investment will create "a fully integrated, totally synchronised manufacturing system, tying together our resources and those of our suppliers into one of the most modern automotive manufacturing complexes in the world."

Terry Dodsworth reports on the small-town labour dispute which has become a national crusade

Hormel strikers fight a two-headed dragon

BY seven o'clock in the evening, the Labour Hall in downtown Austin, a small mid-Western town of generously-sized clapboard houses, is a hive of activity. Two hundred or so men and women, sturdy, blue-collar workers padded uncomplainingly against a Minnesota winter, swarm into the main conference room. Children run around as though they were attending a church social. The mood is warm, friendly, down-to-earth.

It is hard to equate the unruffled good humour of the gathering with one of the bitterest strikes the US has seen in years—still harder to believe the virtually unanimous view of outsiders that the dispute, staged against the Hormel Meatpacking Company, is slipping inexorably towards defeat. Mr Jim Guyette, president of the local union, strides onto the platform to scattered applause. A vigorous 36-year-old, still alert after 14 hours of non-stop organising, he does not look like a loser.

He does not behave like a firebrand strike leader either. The meeting is more of a discussion than a rally, a tactical debate over picketing methods, legal manoeuvres and financial problems. It is only towards the end that Mr Guyette suddenly catches fire like a hell-fire preacher and reveals, for an instant, the intense emotional charge that is keeping the eight-month-old dispute alive.

"Does the company have the right to tear this community apart?" he demands. "We can raise the consciousness of workers throughout America. They know they are being treated wrong."

This is clearly not the language of a lost cause? A few hundred yards away, behind the eight foot wire fence hurriedly built during the strike around Hormel's ultra-modern factory, things are returning to normal. About 1,000 workers flood through the gates at the beginning of their shift, unhampered by the meagre picket lines that were neutered a few weeks ago by the intervention of 800 national guardsmen.

Mr Daryl Arnold, the locally-born plant manager, says that about 400 former strikers are now back at work along with 800 new recruits. All have been hired at lower wages than were being paid a year ago and the company has introduced a two-tier remuneration system in which new recruits will earn less than the old hands. The other 1,000 or so strikers will only get their jobs back—if ever—as replacements for people who leave.

To add to the pressure on the strikers, the national leadership of the United Food and Commercial Union, which has been at loggerheads with Mr Guyette and his supporters since the beginning of the dispute, withdrew strike pay a few days ago, urging the workforce to negotiate a surrender. Within hours, Mr Guyette was at a rally in New York vowing that the fight would continue.

It is this stubborn defiance in the face of virtually overwhelming odds that has made the Hormel strike something special. Although the conflict has clearly split the local workforce, the hard-core opposition to the wage reductions ordered by Hormel have made the dispute into a national crusade, around half a century, the workforce had settled negotiations without a dispute and in the immediate post-war era the Hormel plant was written up by academics as an example of enlightened management practices, leading the way with a 52-week notice of lay-offs, group incentive systems and self-

"To counter the opposition of the national union leadership, the Hormel workers have turned to a new type of trade union activism, hiring a New York-based labour strategist. Under his guidance they have run a "corporate campaign" aimed at embarrassing Hormel's financial partners"

widely followed by radical trade unionists throughout the US. The walk-out in Austin began in a conventional row over wages when the management announced plans to cut salaries from \$10.60 (\$7.22) to \$8.25 an hour but as the strike has gone on, deeper resentments have surfaced alongside the battle over pay. At the root of this refusal to compromise is frustration over a decline in living standards that has been inexorably eating away at Austin for well over a decade.

The economic deterioration has been all the worse because, in its heyday, Austin was a model company town. For

determination of work schedules. Austin, the home of canned spam, was acknowledged as the high-productivity, low-cost plant in the industry.

So far, so good. The Austin plant was a typical creation of the post-war US expansion, strong, productive and paying wages which were envied by its neighbours. But since the early 1970s, it has equally faithfully tracked the setbacks of traditional American industry as the economic conditions underpinning its prosperity have been chipped away.

Hit by the consumer's shift away from meat products and under pressure from intensify-

ing competition from low-cost, non-unionised plants, the professional management which replaced the Hormel family has trimmed the labour force, nibbled away at incomes and automated. Virtually no one likes the changes. The new plant built in Austin three-and-a-half years ago, a huge, largely windowless, hangar-like structure, is widely hated by the workers, as they see it of a remote, mechanistic managerial style.

"Workers there deserve the money," says Mr Jim Morgan, who disagreed strongly with the strike and has left the union to become manager of the local Pizza Hut. "It's unbelievable. You walk into an area of the size of a football field and all you can see are hundreds of bogs and hundreds of people in white coats with knives flashing everywhere."

How could this system be challenged? Mr Guyette and the strikers turned to the union and were immediately met with another crucial problem for workers in America's declining basic industries—the enfeebled state of the established trade union movement.

Like the industries they represent, the unions are under pressure from deteriorating finances and withering membership lists but the Hormel strikers believe that they have been betrayed by a national leadership that has lost the will to fight because it is more interested in preserving its

privileges and comfortable life-style.

"We are up against a two-headed dragon," says Mr Guyette, describing the union policy of concentrating first on improving conditions for the low-paid workers in the industry. "The union agrees with the company that we should take cuts and become sick like the rest of the industry."

To counter the opposition of the national union leadership, the Hormel workers have turned to a new type of trade union activism, hiring a New York-based labour strategist, Mr Ray Rogers. Under his guidance they have run a "corporate campaign" aimed at embarrassing Hormel's financial partners and at bringing every possible ounce of pressure to bear on the company—the latest idea is a national boycott campaign of Hormel products.

To some degree, the Hormel dispute is a test case for this radical attempt to reshape American trade unionism with new ideas. For the time being, the jury is still out on the campaign. But in Austin, where the strikers have decided to sue the national union over their withdrawn strike pay, the struggle goes on.

"All the odds seem to be against us," says Mr Guyette, "but the most dangerous person in the world is someone who believes in what he is doing. We believe that we are in a right and just moral fight. It typifies what is happening in America and there are a lot of trade unionists who can equate with our situation."

Debt help needed fast warns Latin America

By Peter Montagnon in San Jose, Costa Rica

INCREASED commercial bank lending to Latin America on more favourable terms is an urgent priority if the US initiative on easing the debt crisis is to succeed, a senior Argentine official said here.

Since Mr James Baker, US Treasury Secretary, launched the initiative in Seoul last October there has been no tangible improvement in financial flows to the region, while recession has continued and key export prices have fallen further, Mr Mario Brodersohn, State Secretary of Finance, said.

"We don't have too much time to lose because of the behaviour of international prices," he said in an interview.

Argentina, which is to begin negotiations with bank creditors next month on a multi-year re-scheduling package, had lost \$3.1bn (£1.45bn) in export receipts since 1984 because of falling grain prices.

Their continued weakness in 1986 would lead to a significant deterioration in its current account balance of payments which was in deficit last year by \$1.2bn.

Mr Brodersohn said the impact on Argentina's economy had been comparable to that on Mexico of falling oil prices. The only difference was that grain prices had fallen more slowly over a longer period.

Latin America, however, Argentina is making no explicit requests for interest rate relief. Mr Brodersohn said simply that it must negotiate more loans at lower interest margins from bank creditors.

Argentina has an International Monetary Fund programme and is due to negotiate a new one in April. It had also taken tough economic measures last year, but social tensions were rising.

"Given the continued drop in export prices there has been no alleviation, no solution to the problem," he said.

Mr Brodersohn declined to specify Argentina's financing needs for this year, but he said he would be seeking a new formula for raising money from bank creditors.

The country's last \$4.2bn credit took eight months to syndicate because of delay in winning subscriptions from smaller bank creditors. Argentina could not afford to wait so long this year and would be forced against its will to run up interest arrears if the syndication process could not be speeded up.

Reagan opts for 'quieter' Contra tone

By Reginald Dale, US Editor, in Washington

President Ronald Reagan appears to have changed his tactics in his continuing battle to win military aid for the anti-government Contra rebels in Nicaragua. After the shrill, and sometimes bitter, debate that preceded the rejection of his aid plan by the House of Representatives on Thursday, Mr Reagan now intends to adopt a "quieter" tone as he seeks to restore the funds in the Senate, his aides say.

White House officials and party leaders believe that Mr Reagan has a much better chance of winning support for his \$180m (£80m) aid package in the Republican-led Senate, which is due to start debate on the proposal today and vote later in the week.

Mr Reagan's plan calls for \$20m in military aid, and "humanitarian" aid, such as food, clothing and medicine, to replace a similar \$27m programme that expires at the end of this month and \$70m in military aid. Under a last-minute compromise offered on the eve of the House vote, the agreed to withhold \$75m in largely military aid for 90 days, to give negotiations with the Sandinista Government a last chance.

One of the reasons why the offer failed in the House was that the compromise would not have been written into law, leaving some members suspicious that Mr Reagan might fail to put enough effort into the negotiations. Mr Reagan said at the week-end that he would be prepared to see the proposal written into law in the Senate.

The package would then go back to the House, where White House officials are confident that they can win some form of military aid in a second vote set for April 15. It was not clear yesterday, however, whether the House would be prepared to vote immediately on whatever is approved by the Senate or whether members would insist on first looking at Democrat-proposed alternatives.

The US has received initial reports of a large-scale Nicaraguan force crossing the border into Honduras, a senior Administration official said, AP reports from Washington. "Well over 1,000 Nicaraguan troops" were involved in the operation that was said to have begun Sunday, making it larger than the previous 100 incursions.

Trade surplus fails to cover debt payments

By Peter Montagnon

INTEREST payments on Latin America's \$350bn (£240bn) foreign debt are now the major factor in the region's balance of payments problem, Mr Antonio Ortiz Mena, Inter-American Development Bank president, said here yesterday.

Debt service payments totalling \$37bn last year more than offset the region's \$34bn trade surplus, posing a stark dilemma for policymakers in individual countries, he told the bank's annual meeting.

Continued efforts by Latin America to service its foreign debt through fresh borrowing and trade surpluses generated by recession-led internal adjustment will worsen the debt problem over the longer term if they are not accompanied by the creation of new productive capacity.

"The unilateral implementation of internal belt tightening policies by Latin American countries has failed to produce the desired results," he said.

Cumulative loss in domestic investment since 1982 had been \$160bn, imports have slumped by 40 per cent and the share of capital equipment in imports has fallen steadily.

"Far from involving a clash between stabilisation policies and development programmes, the failure of the two to mesh, the challenge facing economic policymakers is centred on devising suitable combinations of short term measures that are compatible with the promotion of vigorous long-term economic growth, which is, at the same time, socially equitable," he said.

Argentine Government hits at national strike plan

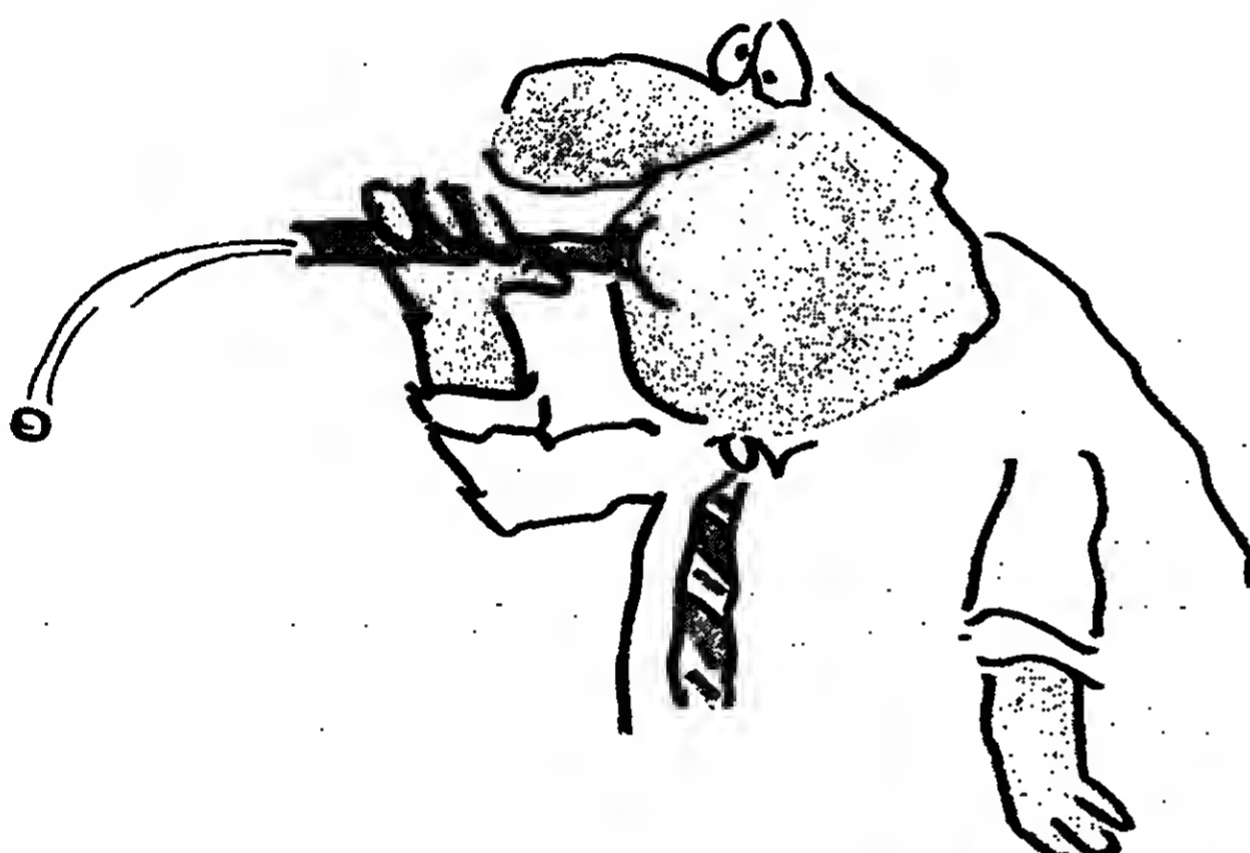
BY JIMMY BURNS IN BUENOS AIRES

THE ARGENTINE Government yesterday riled the stakes in its ongoing battle with the country's trade unions by directly appealing to the population to boycott a ten-hour national strike called for today.

In the boldest official posture campaign since the mid-term elections last November, the ruling Radical Party claimed that the General Confederation of Labour (CGT) was no longer the legitimate representative of the workers. It also accused Labour leaders of deliberately trying to undermine the Government's success in bringing down inflation.

The propaganda offensive appeared to underline the Government's determination to stick to its current wage restrictions and its commitment to the International Monetary Fund so as to put a permanent brake on the high inflation rate experienced in recent years. Some government officials also believe that the unions are being used for political purposes by sectors bent on destabilising democracy.

The CGT is staging its fifth general strike since Mr Raul Alfonsín came to power in December, 1983. It is pressing for across-the-board wage increases of over 20 per cent and a moratorium on the country's \$48bn (£33bn) debts.



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As you pull away from the kerb (don't worry, the salesman gives you directions) you notice the lightness and precision of the power steering.

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"IT'S ONE OF THOSE BIG BMW'S?"

No it isn't.

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He tells you about the car's welded box-steel

construction, and the 9 coats of paint and primer that protect the bodywork.

He mentions the 13-outlet heating and ventilation system, the 17.2 cubic foot boot, the central locking.

You can feel the power-assisted brakes for yourself.

"A JAGUAR?"

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Against your better judgement, you start to lower your sights a bit. You did, after all, mention a price limit of £11,000.

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WORLD TRADE NEWS

Financing problems hit Spain-China \$375m joint deals

BY DAVID WHITE IN MADRID

INDUSTRIAL CO-OPERATION projects between Spain and China involving an oil refinery and a cement works worth jointly about \$375m (\$267m) have fallen through because of financing difficulties, according to Spanish Government officials.

The cancellation of the projects is believed to reflect China's foreign exchange reserve problems.

The collapse of the two contracts represents a heavy blow for the hopes which Spanish contractors and manufacturers have placed on expanding trade with China.

The projects are a \$350m oil refinery, which a Spanish consortium led by Tecnics Reunidas and Centurion was to have helped build in the southern Chinese province of Fujian, and a \$24m cement works in the northern Liaoning region, involving the leading Spanish cement company Asiland.

They were among the few mature deals in hand when Mr Felipe Gonzalez, the Spanish Prime Minister, visited China last September.

Of the main industrial projects considered then to be virtually tied up, the only one

to have survived is a \$10m plant for processing citrus fruit—oranges and mandarins—in Zhejiang province.

This ventures involves the Spanish company Empresa Mercantil Exportadora (Emex).

The Spanish authorities offered a \$120m soft loan facility from their aid and development fund to help finance the projects, with a 30-year repayment period, 10 per cent grace and 5 per cent interest.

This loan was to cover 40 per cent of the cost of goods and services for the refinery project and 30 per cent in the other two ventures.

The remainder was to have been covered by normal export credits.

Neither Tecnics Reunidas nor Asiland were prepared to comment on the development yesterday. Asiland said it was awaiting the report of a director who had just returned from a visit to China.

Other co-operation projects mooted last year included manufacturing operations for shoes, telephone equipment and baby food and the modernisation of paper-making facilities in China.

Japanese urged to scrap export targeting

BY JUREK MARTIN IN TOKYO

JAPANESE companies were yesterday urged to abandon export targeting. The call came from Dr Wisse Dekker, the outgoing president of Philips, the Dutch electronics group.

Dr Dekker argued in a speech here that "one of the lessons Japan can learn from the US and Europe is the concept of multi-nationalism. It is a lesson to be learned with some urgency, since I think it is connected to the issue of export targeting."

"Targeting," he went on, "is a Japanese strategy that must become obsolete. It is a short-term strategy that has been enormously successful to Japan, in that it has met its goal of achieving worldwide domination in a long list of industries. But success gained by that strategy will not be in Japan's best interests in the long term, since, as we are all painfully aware, the US and European governments will eventually be forced to deal with dying industries as a result of export targeting. Protectionism as a last-resort defence is always lurking in the background."

Dr Dekker defined multi-nationalism as "the full complement" of business activities

TALKS between Japan and the US on bilateral semiconductor trade remain unresolved, according to officials at Japan's Ministry for International Trade and Industry (MITI).

Carla Rapoport reports.

The talks will move to Washington this week with attention expected to be focussed on ways to adjust the prices of Japanese semiconductor to the US.

It is understood that Japan is leaning heavily toward accepting a US proposal for a price monitoring system and co-ordinating with US

officials on establishing the system.

MITI officials, however, had no comment yesterday on this saying that the two sides remain divided on a "number of fundamental issues."

US officials are investigating three separate allegations that Japanese semiconductor firms have been dumping their products in the US market.

MITI officials did say, however, that they expected an official announcement to be released at the talks on Friday.



Dr Wisse Dekker... "Lesson must be learned."

ting consumer electronics go and was thus now more vulnerable than ever to vicissitudes in the professional digital market.

Agreement in setting world standards for products and systems was equally important, in that it made possible "orderly competition."

He was concerned that this might not come to pass in the field of high-definition television. "We are dangerously close to making a choice that would set up two incompatible systems; the Japanese MUSE system and the European MAC system."

The chaos such a situation would create across the spectrum of video equipment in terms of compatibility and programme transmission is something that would make our previous problems with standards for video cassette recorders seem trifling."

Dr Dekker has considerable experience of Japan (he worked in Tokyo from 1968-71). He said he detected a "change of attitude" among senior Japanese industrialists in the direction of multinational co-operation.

G-wagen steps up Land Rover competition

Financial Times Reporter

CHANGES are to be made in the organisation which makes the light four-wheel-drive G-wagen so that it will compete more effectively against the UK's Land Rover company. The G-wagen is produced in Austria by Steyr-Daimler-Puch, and is sold in many markets as a Mercedes vehicle.

Dr Siegfried Sobotta, managing director of Daimler-Benz's G-wagen division, said sales will be split into two sectors—one to tackle the Land Rover in the "workhorse" part of the market, the other to challenge Range Rover in the luxury sector.

The G-wagen might even follow the Range Rover into the US (with a 2.8-litre petrol engine) depending on how well sales of the British vehicle go there after it is launched next year, Dr Sobotta added.

The G-wagen is already competing head-on with Land Rover for several important military contracts, including the Swiss Army deal for between 3,000 and 6,000 four-wheel-drive vehicles.

Dr Sobotta also said the G-wagen had a 50-50 chance of beating Land Rover for an Australian army contract which will involve the assembly of 2,600 vehicles in Australia.

The G-wagen was launched in 1979 from a £22m new factory at Graz, Austria, initially owned jointly by Steyr and Daimler-Benz. It is Europe's largest commercial vehicle producer.

After suffering substantial losses in the early years, the G-wagen division is now breaking even, Dr Sobotta went on.

G-wagen output last year reached 8,686 vehicles of which about one-quarter went to military customers.

Among current contracts, Steyr is supplying kits to Peugeot. The French group incorporates its own engines and transmissions before selling the vehicles to the French army at the rate of 1,000-2,000 a year.

Only 422 G-wagens were sold in the UK last year, compared with combined Land Rover-Range Rover sales of 10,122, but the D-B-owned import company has no intention of lowering the price, which is the major barrier to increased registrations.

Finland orders FM 2.2bn arms from Moscow

BY OUR FOREIGN STAFF

FINLAND has ordered weapons and ammunition worth FM 2.2bn (£288m) from the Soviet Union in the biggest deal by the country's defence forces. The deliveries will span the next five years, Olli Virtanen reports.

Most of the weapons will go to the ground forces. These include an unspecified number of T-72 tanks which will reinforce the existing T-72 divisions. Also included are various types of armoured personnel carriers and anti-tank missiles.

Previous purchases include Swedish Draken fighters and British Hawk trainer jets.

Jakarta eases curbs

Indonesia, pressing for greater trade with East Europe, is to allow Soviet bloc investment without prior recommendation by the national intelligence agency, the official Antara News Agency, said yesterday, Menter reports. A trade delegation is to go to six East European countries next month.

West accused over oil prices

BY OUR FOREIGN STAFF

THE SOVIET press has accused the West of conspiring to drive oil prices down. The concerted public attack also seems designed to show Moscow's support for Opec in the current oil crisis and to give Soviet citizens virtually their first warning of the crisis' impact on the energy-dependent Soviet economy.

Pravda, the communist party newspaper, claimed the oil price war had been manipulated by leading Western oil companies and their governments in "a form of neo-colonialist plunder of developing countries."

Investia, the government newspaper, cited approvingly what it said was a suggestion from Algeria, Libya and Iran to stop Opec oil production for two weeks in every month.

Some Soviet officials have recently been claiming that the reduced volume of Soviet oil exports (down by some 15 per cent in 1985) was partly designed to help Opec stabilise the market. To most observers, it was simply the result of ever-slacker Western demand and domestic Soviet production, which fell from 613m tonnes in

1984 to 592m tonnes last year. The striking omission from the Pravda and Investia commentaries was any direct reference to the impact of plunging prices on the Soviet economy.

Soviet officials have given no public estimate of how much hard currency the Soviet Union is losing as a result of falling oil prices, or how large a proportion (60 per cent according to Western estimates) of Soviet hard currency export earnings oil accounts for.

Western officials and analysts are now scrambling to come up with their own estimates of the oil crisis impact on the Soviet economy, because of the knock-on effect on Soviet imports from the West, borrowing from the West, and alternative means of trade finance such as counter-trade.

Mr Malcolm Baldrige, US Commerce Secretary, last week estimated that with every \$1 drop in the world oil price draining the Soviet hard currency exchequer of \$500m, Moscow had lost as much as \$5bn since last November, when the oil price turned down more steeply.

According to Mr Jan Stanekovsky, of the Vienna Wifo economics research institute, an average price of \$20 a barrel this year (compared to \$28 in 1985) would cost Moscow \$4.5bn (£3.2bn) and an average \$15 a barrel price would cost it \$7bn.

Hard currency exports — admittedly less than half total Soviet exports — slumped to \$32.8bn last year compared to \$39.5bn, according to Finanz Econ, a Washington-based research organisation, turning a \$6bn trade surplus into a \$300m deficit over the same period.

The impact of falling oil prices has been accentuated by the dollar's simultaneous fall against other Western currencies because Moscow sells oil for dollars but buys most of its imports (except grain) from Western Europe.

Soviet trade officials in Moscow remain tight-lipped about the consequences for Soviet imports this year, except to stress that Moscow will be keener than ever to substitute for Western imports where possible with Soviet or Comecon goods.

SAS seeks air fees accord for Scandinavia

BY DAVID BROWN IN STOCKHOLM

SAS, the Scandinavian airline, is seeking agreement with the civil aviation authorities of Sweden, Norway and Denmark to equalise fees charged on domestic and international flights with Scandinavia, David Brown writes.

The proposal would seek to treat Scandinavia as a single market from the standpoint of landing, navigation and other fees, starting as early as this autumn. Among the reasons for the SAS move is growing competition from regional carriers.

The price of a normal ticket from Stockholm to Oslo, Norway, is now almost double that of the domestic flight between Stockholm and Gøthenburg, although the flights are roughly the same distance. The difference in price is partly attributable to the sharply higher fees charged on international flights.

Civil aviation authorities welcomed the principle, although it has not been formally tabled, but said it would involve complicated negotiations.

India to sign Aerospatiale helicopter contract

BY JOHN ELLIOTT IN NEW DELHI

INDIA is to sign a contract later this week with Aerospatiale of France for 27 Dauphin helicopters costing about \$56m (£35.7m) to be delivered to the country's new Helicopter Corporation.

This follows a contract signed with Westlands of the UK on March 15 for 21 W-30 helicopters and closes a series of negotiations lasting more than two years for the aircraft which were originally to be ordered for India's offshore oilfields.

Under pressure from India, France has agreed to supply eight of the 27 Dauphins free and to provide software for half the cost of the remaining 19 at 2½ per cent over 28 years.

The Westland helicopters are entirely covered by grants from the British aid budget. Originally, the two companies were

competing for the same order but last year India decided to accept both offers because of the extremely low outlay in foreign exchange involved.

Earlier this month, India also ended a long-running battle between Boeing and Airbus Industrie for an Indian Airlines order when it signed a contract for 19 Airbus A-320s costing \$570m with an option for a further 12.

Airbus was persuaded to agree in principle that some components for the aircraft should be made in India and this is being explored by Indian officials with Airbus Industrie.

Royal Nepal Airlines has ordered two Boeing 737 aircraft with an option for a third. The aircraft will be powered by Rolls-Royce RB 211/535 EA engines costing £22m. Deliveries start in September 1987.

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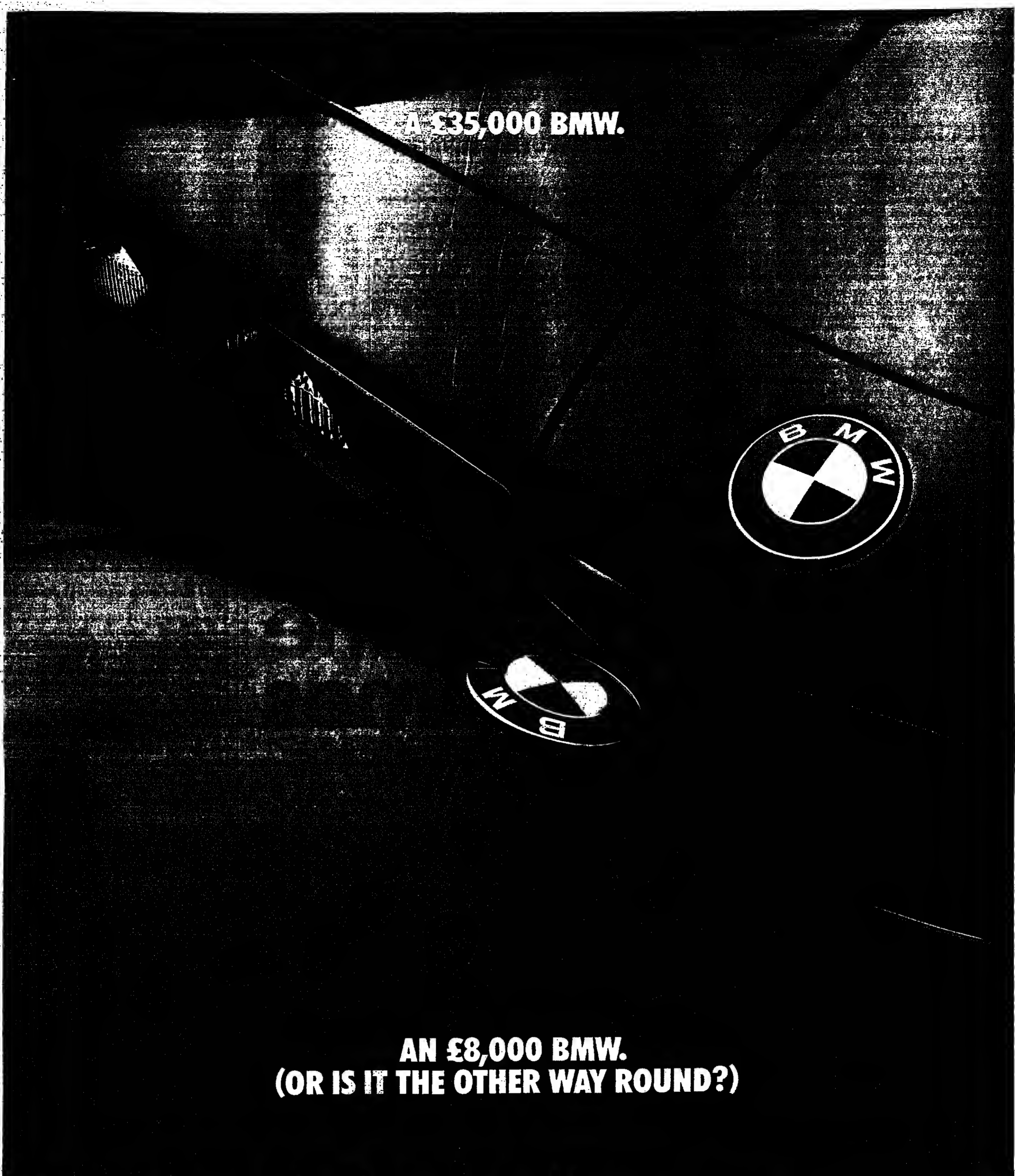
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Thus, a 1.8 litre BMW 316, for example, is built from the same quality steel as a 3.5 litre M635CSi.

Steel that is tested against rust, stone chippings, and how well it takes paint.

Though, with a 46 stage paint and anti-corrosion process, to say a 316 is painted is something of an understatement. It's a shining example to all other cars on how to retain their value.

As is the interior, though for different reasons.

Since how you feel inside a car affects the way you drive, BMW have pioneered extensive research into interior ergonomics.

One of the results is the dashboard of the 316, which is unlike any other car (BMW's excepted).

It curves around the driver, so that the most used controls are the easiest to reach.

Another result is the advanced cockpit electronics such as the service interval indicator, which makes for more efficient driving.

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UK NEWS

Move to lift strike curbs rejected by Kinnock

BY PHILIP BASSETT, LABOUR EDITOR

LABOUR PARTY and Trades Union Congress (TUC) leaders moved rapidly yesterday to distance themselves from a proposal prepared within the party for the removal of all legal restrictions on strike action.

Mr Neil Kinnock, Labour Party leader, and Mr Norman Willis, TUC general secretary, joined forces at a meeting of the TUC-Labour Party liaison committee to condemn the proposal, which suggested not only that the restrictions on striking imposed by the Conservative Government should be lifted, but that the laws on strikes under the last Labour Government were too tight and should be relaxed.

The shift of both the party and the TUC away from the ideas indicates clearly a desire to try to minimise the electoral damage that both sides thought the suggestions for easier strike action might imply.

The suggestions are contained in a confidential policy paper drawn up by the party's staff, and unapproved by its leadership. It was meant to form part of the TUC-Labour Party discussions about legislation to replace the Conservatives' employment laws.

Disclosure of the proposals in recent issues of the Financial Times prompted heated discussion on future employment legislation at yesterday's meeting, with both the party and the TUC insisting that no firm decisions had been taken on the issue, and essentially shelving the internal party paper.



Neil Kinnock



Norman Willis

Mr Kinnock, told the committee that the document was highly unsatisfactory and that its key weakness was an absence of any proper consideration of ballots.

He said that in his view, ballots were central to the issue of employment legislation. "This is a vital starting point for all trade unionists, and if we overlook this, we will alienate our own supporters," he said.

Mr Kinnock said no one could imagine the Labour Party being committed either in a manifesto or in legislation to the proposals contained in the document.

Hurd regrets failure over extradition of terrorist suspect

BY IVOR OWEN

NINE new warrants were sent from London to Dublin yesterday to seek the extradition of Miss Evelyn Glenholmes for alleged IRA terrorist offences.

On Saturday, Miss Glenholmes was released by a Dublin court because of errors in extradition warrants.

Mr Douglas Hurd, the UK Home Secretary, told the House of Commons yesterday that the failure to secure the return of Miss Glenholmes was "deeply disappointing." He suggested that the technical difficulty that led to the failure of the extradition proceedings would not have resulted in her being set free by an English court.

His repeated expressions of regret for the failure to anticipate the court's objection did not satisfy critics on both sides of the House. There was strong criticism of the Director of Public Prosecutions.

Mr Gerald Kaufman, Labour's home affairs spokesman, asked if Mr Hurd was seeking to shield Sir Michael Havers, the Attorney-General, who is responsible to Parliament for the Director of Public Prosecutions, or the director himself.

"Or," he demanded to Labour cheers, "in accordance with this Government's style, is no one going

to accept responsibility for this almighty mess?" He said there had been "slackness, incompetence and complacency."

Mr Hurd was careful not to criticise the Irish Government or any of the agencies under its control. But he made clear his feelings about the decision reached by the Dublin court when pressed by Mr Ivor Stanbrook (Conservative).

Mr Stanbrook, a lawyer, argued that, had a true spirit of reciprocity existed between London and Dublin, the extradition document would not necessarily have been ruled defective.

He said that had such a technical objection been lodged in England, the court would have been prepared to adjourn the case for consideration before making any announcement.

Mr Hurd invited the House to take note of the point Mr Stanbrook had made.

There were ironical cheers from the opposition benches when the Home Secretary announced that, together with the Attorney-General, he was urgently considering the need for a review of the procedures and the handling of the documents needed in extradition cases.

Channon seeks to clarify BL position after collapse of deal

BY PETER RIDDELL, POLITICAL EDITOR

MR PAUL CHANNON, the Trade and Industry Secretary, will this afternoon attempt in a House of Commons statement to clarify the Government's future policy towards BL. This follows the collapse of talks with General Motors (GM) over the sale of BL's trucks and Land Rover subsidiaries.

The indications last night were that Mr Channon would be able to make only a holding statement since ministers are still taking stock.

There was little attempt at Westminster yesterday to disguise the Government's discomfiture over the sudden breakdown of negotiations last Friday, especially in view of the statement in support of the GM deal from the BL board.

Senior ministers, who had been surprised by the collapse of the talks, were yesterday briefed by Mr Channon at a 45-minute meeting of the special Cabinet committee on BL. The full Cabinet will hear a report this morning.

Officials yesterday refused to rule out a resumption of talks with GM. A number of Tory MPs closely involved believe there will have to be new negotiations with GM in view of the problems of BL's trucks operations and of GM's Bedford subsidiary. The main mood yesterday was of confusion and embarrassment over the apparent turnaround by the Government. During the budget debate in the commons yesterday, Mr John Smith, Labour's Trade and Industry spokesman, said the whole affair had been a fiasco and said that GM had spent £1m on a wild goose chase.

Senior ministers yesterday denied that it had been pressure from Tory backbenchers which had led to the collapse of the talks on Friday. The ministers argued that the Government had known about this opposition for some time and had been prepared to ride it out.

Instead, ministers argue that the problems had arisen because GM pushed the Department of Trade and Industry too far in seeking a deal over Land Rover which would give the US group future voting control, in face of the Government's desire to attain a major British role.

GM last night continued to insist that it walked away because the Department removed Land Rover from the proposed deal. Agreement had almost been reached for GM to take an initial 49 per cent shareholding in the Land Rover company and get full control later, the group emphasised.

When GM was called to the further talks with Mr Channon late on Friday, some executives thought at

first the deal would be completed and signed at the meeting.

Despite pressure from some Tory backbenchers it is unlikely that Mr Channon will give approval today to the management buy-out consortium for Land Rover about which the Government still has reservations.

Kenneth Gooding writes: Mr David Andrews, the BL executive who has been given leave of absence to lead the Land Rover management buy-out consortium, said last night that the delays were hurting the business. He asked for a decision before Easter.

"I share the view that delay in coming to a decision is damaging to Land Rover. Customers, staff and dealers are all becoming increasingly concerned as to the future." If Mr Channon announces further substantial delays the consortium will probably take its offer off the table until the Government makes its position clearer.

Mr Andrews said that, taking a cautious view of the future prospects of the business, the consortium's financial projections show that the business generates enough cash to fund all the planned development and capital expenditure - including that needed for the Sherpa van business. Analysis, Page 12



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Analysis, Page 2

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UK NEWS

Kenneth Gooding reports on the problem for General Motors after the collapse of the Land Rover-Leyland talks

Uphill struggle to find partner for Bedford Trucks

THERE seem to be no obvious solutions to the problems which General Motors (GM) of the US faces in its Bedford commercial vehicle division in Britain after the collapse of the talks for its takeover of state-owned BL's Land Rover-Leyland business.

Perhaps this is what the UK Government was relying on when it told GM that Land Rover was no longer for sale. There are still some benefits to be gained from a merger of Bedford and Leyland Trucks without the Land Rover company being included.

The attractions of such a deal would be even more apparent if GM's situation was expressed by a spokesman at the weekend, who said: "There is no doubt that unless we get into bed with someone - and Leyland does too - the UK truck industry will run into serious problems before long."

Bedford however, has run out of suitable partners. Mr Bob Price, the GM executive who has for more than a year toured the European truck makers in search of joint ventures and takeovers, has not had much luck so far.

The UK Government has effectively taken Leyland out of the

reckoning. GM has talked with MAN, the second-largest West German heavy truck group which once appeared to be up for sale because of financial problems. When these turned out to be temporary, MAN showed GM the door.

Something was salvaged, however. GM in the US will buy MAN military vehicles know-how.

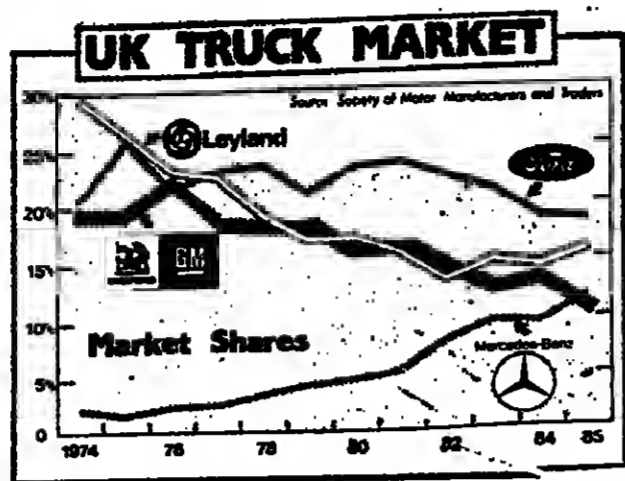
GM also had discussions lasting for about a year with Enasa, the state-owned and heavily loss-making Pegaso truck group of Spain. This time GM backed away. Mr Price has said there is little chance of his company returning to the Enasa discussions even if no deal could be completed with Leyland.

The list of other European truck producers leaves GM with little room for manoeuvre. The strong companies are certainly not looking for extra production capacity.

The West European industry probably has the capacity to produce 600,000 heavy trucks a year compared with demand running at about 400,000 - leaving considerable excess capacity.

Daimler-Benz (D-B), the world's leading heavy truck producer, is already doing well in the UK with its West German-built trucks and would not seem to need the added protection of British production. So D-B is unlikely to want to buy Bedford.

The same goes for the two



Scandinavian companies, Volvo and Scania. Volvo already has an assembly plant in Scotland. In any case Mr Steen Langenus, Volvo Trucks chairman, pointed out recently that if his company bought any competitor in Europe it would be to sell more Volvo trucks - not those with any other name.

Daf of the Netherlands is fiercely independent. It has been busy setting up its own joint ventures - with Enasa for medium truck cabs and for the distribution on the European continent of Leyland light trucks and Sherpa heavy vans supplied by

GM if it is in a hole over Bedford's truck operations it has only itself to blame. The UK company has been sadly neglected.

Three years ago, at GM's world headquarters in Detroit, a careful examination of its worldwide commercial vehicle operations was carried out to see if the group should stay in the heavy truck business. GM decided it should. The group believes the potential for growth, particularly in developing countries, remains better than that for cars.

GM at that stage had already reorganised its heavy commercial vehicle operations into a "world truck and bus" group with its headquarters at Pontiac, Michigan. Bedford, as the key truck subsidiary outside the US, was separated from the Vauxhall car business and became part of the group.

The truck and bus group is planning to develop "world products" - vehicles that can be assembled anywhere in large quantities by Bedford and other GM subsidiaries in the US and Brazil, as well as by GM's Japanese associate, Isuzu.

The first of the world vehicles, a medium truck that will replace the Bedford TL in the UK, might be available in 1988, but by then Bedford's truck market share in the UK could have fallen to dangerous levels.

Output last year of Bedford trucks over 6 tonnes gross weight was only 13,400 and Bedford's UK market share slumped from over 13 per cent to little more than 10.5 per cent in 1985.

Bedford recently completed a rationalisation programme which cut capacity at its Dunstable, Bedfordshire, truck lines by 40 per cent to about 30,000 a year. But that still leaves a great deal of excess capacity.

GM has considered replacing the Bedford TL range with trucks based on Isuzu designs. Bedford already produces light vans based on Isuzu and Suzuki and has invested £50m at the Luton factory in Bedfordshire to bring them into production.

The current range of Isuzu medium trucks, however, was not designed with Western European markets in mind and they are unsuitable for the region. The cabs are too small and daily servicing is much too awkward to carry out, according to one senior GM executive.

GM told Bedford employees yesterday that the Land Rover-Leyland deal offered the best chance for the group to establish a strong commercial vehicle base in Britain. Now the negotiations are in ruins it promises to search for alternatives.

The rest of the industry was asking the obvious question last night: "What alternatives?"

Balance of trade in motor products shows record deficit

BY OUR MOTOR INDUSTRY CORRESPONDENT

THE SERIOUS deterioration in the UK's balance of trade in motor industry products continued last year. The deficit rose by over 10 per cent from £2.8bn in 1984 to a record £3.7bn.

All sectors put up weaker performance than in 1984 and the UK Government in view of recent events, will be worried that trade in commercial vehicles, which went into deficit for the first time only in 1985, is showing a very rapid deterioration.

Compared with 1984, the commercial-vehicle deficit increased by £20m or nearly 21 per cent to £371m.

There must also be concern about the only sector to remain in profit - that for parts and accessories and other motor products such as agricultural tractors, dumpers, trailers, excavators, industrial works trucks and freight containers.

According to an analysis of Customs and Excise statistics by the Society of Motor Manufacturers and Traders (SMMT), the favourable balance in the sector fell by 24 per cent or £17m to only \$45m last year.

For several years past, more than half the cars sold in the UK have been imported, and that was bound to have an increasing impact on the number of spare parts and components imported for the replacement market.

Last year, Britain's car exports rose by 10 per cent in volume, from 218,172 to 240,247 cars - thanks mainly to efforts by BL's Austin Rover subsidiary to build up Continental sales.

Their value rose much faster, by 26 per cent, reflecting the fact that

UK MOTOR TRADE (£m)	
	Report 1984 1985
Cars	680 1274
Commercial vehicles	388 408
Parts/accessories/other	3067 3383
Imports	
Cars	2662 4154
Commercial vehicles	680 728
Parts/accessories/other	2545 2914
Trade balance	
Cars	(-2085) (-2080)
Commercial vehicles	(-274) (-227)
Parts/accessories/other	682 450
Total balance	(-2373) (-2758)

Source: Society of Motor Manufacturers and Traders and Customs and Excise

Austin Rover is exporting more up-market cars and the continuing success of the Jaguar luxury car group, in the US in particular.

Imports rose from 1.02m to 1.07m cars, and the SMMT points out that the 5 per cent gain was in proportion with the growth in the total new car market. Their value grew by 12 per cent.

Exports of commercial vehicles of more than 3 tonnes gross weight increased by 7 per cent in volume and 12 per cent in value in 1985, making it the best year since 1982 in money terms. It also reversed the recent downward trend in the number of heavy vehicles exported, according to the society.

Searching for a glimmer of hope amid the gloom, the SMMT says the lower value of the pound against other European currencies might make British exports more attractive in 1986.

Exporters 'hindered by high freight charges'

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH exporters are put at a severe disadvantage against their continental European competitors by higher freight rates from the UK to Europe (scheduled services) shipping, the Department of Transport said yesterday.

The rate gap stemmed from higher UK port charges - on average 60 per cent above northern European levels - and the more competitive liner market on the continent, said a report commissioned by the department.

The report was commissioned after shippers had complained to the Government that they were operating with higher freight rates in deep-sea markets than their rivals

in the rest of Europe. The report looked at rate differences in some containerised trades and found large disparities on the North Atlantic and to South and East Africa.

Some big exporters and shipping lines said UK rates were about 10 per cent higher than continental rates across the Atlantic, with a 20 per cent gap for some products. To Africa, shippers reported differences of up to 15 per cent.

The department said one lesson from the study was that transport was taken more seriously by companies on the continent than in the UK. Exporters were ready to use freight forwarders to seek out the best deal from ship owners.

How to be the successful transatlantic business traveller.

RULE 1 Set yourself apart
TWA gives business travellers special care and attention. Special Ambassador Class check-in. And separate section in the plane.



RULE 2 Make sure of your comfort and relaxation
TWA's Ambassador Class gives business travellers a relaxed and restful flight. Widest 747 business class seats across the Atlantic. And the most comfortable.



RULE 3 Get yourself space to work
TWA's Ambassador Class seats are only six across, in pairs. Plenty of leg-room, wide aisles, space to work. And relax.

RULE 4 Expect the best service
Our Ambassador Class cabin service is specially tailored for business travellers. Quiet, friendly, attentive. Elegantly served meals.



RULE 5 Make sure the airline takes you all the way
TWA flies to over 60 US cities - across America, without changing airlines. Every business traveller to the USA knows that by following these simple rules he's on the way to becoming a successful business traveller. That's what TWA's Ambassador Class is designed for. So why put yourself at a disadvantage? Fly TWA Ambassador Class and enjoy it. And succeed.

Leading the way to the USA



ANGLO AMERICAN INDUSTRIAL CORPORATION LIMITED (AMIC)

(Incorporated in the Republic of South Africa)
(Registration No. 63/05282/05)

NOTICE TO OPTION HOLDERS

In terms of the notice of final dividend published on March 10 1986, ordinary shareholders in Amic registered as such on March 27 1986 are given the right to elect to utilise up to the amount of such dividend to subscribe for a whole number of new ordinary shares in the capital of the corporation to be issued at a price of 4 1/2 cents per share.

Option holders registered as such at the close of business on March 27 1986 are advised that they too are entitled to elect to subscribe, at that price, for new shares in the corporation up to an amount equal to the final dividend they would have received had they exercised their option entitlements in full prior to that date.

In this regard election forms will be despatched to such registered option holders on or about April 11 1986. These election forms, together with the amount required in payment of any shares to be subscribed, must be completed and returned so as to reach the corporation's transfer secretaries by 16h00 Johannesburg or London time, as the case may be, on May 10 1986.

Johannesburg
March 25 1986

Company Notices

NOTICE OF REDEMPTION
TO THE HOLDERS OF
DUKE POWER OVERSEAS FINANCE N.V.
15% GUARANTEED NOTES
DUE 1986

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the prospectus issued on April 15 1985 among Duke Power Overseas Finance N.V. (Duke Power Overseas Finance N.V. (Duke Power Overseas Finance N.V.)) and the holders of the 15% Guaranteed Notes Due 1986 (the "Notes") that the Notes are to be redeemed on or about April 15 1986 at the principal amount of the Notes plus interest accrued thereon to the date of redemption.

Interest on the Notes shall cease to accrue on and after the redemption date. All interest payable after said date shall be payable to the Note holders in cash or by cheque on or about April 15 1986. Cheques payable on April 15 1986 should be presented and forwarded for payment in the usual manner.

DUKE POWER OVERSEAS FINANCE N.V.
By: Chemical Bank as Trustee
Dated: March 25 1986.

CONVERTFUND INTERNATIONAL S.A.
Société Anonyme d'Investissement
Luxembourg, 37, rue Napoléon
RC Luxembourg 88 129

NOTICE IS HEREBY GIVEN to holders of Class "A" shares of Convertfund International S.A. that on or after March 25 1986 payment of a dividend of 10% of the nominal value of the shares will be made to the holders of Class "A" shares in the following order of priority:

1. Luxembourg S.A. Luxembourg, S.A.
2. Luxembourg S.A. Luxembourg, S.A.
3. Luxembourg S.A. Luxembourg, S.A.
4. Luxembourg S.A. Luxembourg, S.A.
5. Luxembourg S.A. Luxembourg, S.A.
6. Luxembourg S.A. Luxembourg, S.A.
7. Luxembourg S.A. Luxembourg, S.A.
8. Luxembourg S.A. Luxembourg, S.A.
9. Luxembourg S.A. Luxembourg, S.A.
10. Luxembourg S.A. Luxembourg, S.A.

CONVERTFUND INTERNATIONAL S.A.

Art Galleries

CLUBS

ELBANE STREET. Five rooms designed with early English and American paintings and furniture, oil, watercolour, etc. which make a home rather different and original. CRANE FOLK ART, 171a Stone Street, London SW1. Tel: 238-2444. Mon-Fri 10-6. Sat 10-4. 057.

Handwritten signature: J. J. J.

Which company?

Last year they had exports worth £77 million to 51 countries worldwide. And in the last three years their exports added up to £208 million.

In 1980 they invested £62 million in a brand new production plant and an R & D facility that pioneered the use of computers in vehicle design.

They sell over one million pounds worth of trucks every working day.

Every Wednesday the Directors meet to discuss any faults found on a truck taken from the previous week's production, and set out to ensure those faults never happen again.

They spend £1 million every year just on making their products safer, quieter and less environmentally obtrusive.

They pioneered computerised, automatic, components and parts handling facilities.

They are about to launch two complete new product ranges specifically for export.

In the past six years they've launched no less than fourteen new models.

They are the only manufacturer to guarantee

spare parts within 24 hours. If they arrive any later you get them for nothing.

All their products meet NATO's highest quality standards.

They have over 150 independent businesses in the UK to support their vehicles, devoted to sales, service and parts.

They develop a new specialist product every three months to a customer's own specification.

In the past three years they have increased UK sales volume by 53%.

Their trucks carry a total of 250 million tonnes of cargo every year for British industry.

They are currently investing £9 million in their axle factory in Glasgow.

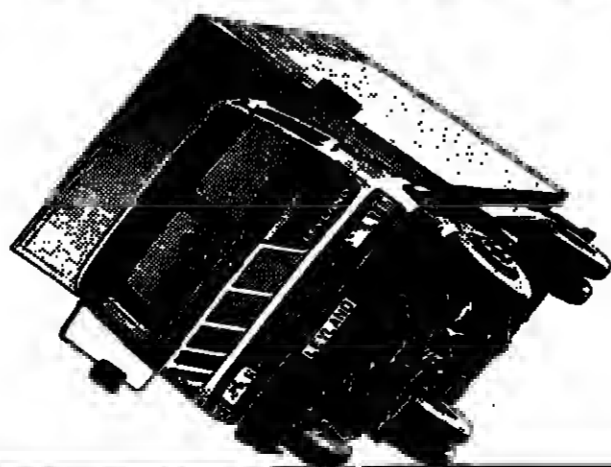
Their trucks were used to build Port Stanley airport in the Falklands.

170 of their trucks are working in Sudan and Ethiopia for the famine relief programme.

They make the best selling trucks in Britain.

They are called Leyland Trucks.

Clue:



Asia Oil and Minerals Limited

Incorporated in New South Wales

Notice of Meeting

NOTICE is hereby given that by an order made by the Supreme Court of New South Wales on 3rd March, 1986 in the above matter the Court directed that a meeting of the Option Holders of Asia Oil and Minerals Limited resident in the United Kingdom and Europe be held on the 15th day of April, 1986 at The Great Eastern Hotel, Liverpool St. London, EC2 at 10 o'clock in the forenoon and that a meeting of the Option Holders of the Company resident in Australia and other countries in the United Kingdom and Europe be held on the 23rd day of April, 1986 at The Boardroom, 1st Level, Metropole Hotel and Convention Centre, 287 Military Rd. Cremorne NSW for the purpose of considering and if thought fit approving with or without modification scheme of arrangement proposed to be made between the Company and its Option Holders. A form of notice and a proxy applicable to such meeting, a copy of the statement required by section 316 of the Companies (N.S.W.) Code may be obtained free of charge by calling at the registered office of the Company which is located at Suite 2, 2nd Floor, 382 Pacific Highway, Crows Nest on week days during ordinary business hours or by requesting the same by letter addressed to the Company at its registered office. Proxies must be lodged with the Company at its registered office prior to the meeting.

NOTICE is hereby further given if the said Scheme of Arrangement is approved at the said meeting by the majority required by Section 315 of the said Code, then application will be made to the Supreme Court of New South Wales pursuant to Section 315 of the said Code for an order that the proposed Scheme of Arrangement be approved by the Court and that such application will come on for hearing before the Supreme Court of New South Wales on the 28th day of April, 1986. The said Court will decide whether the Scheme of Arrangement should be approved by the Court and any option holder of the Company who desires to support or oppose the making of orders on the said application may appear at the hearing in person or by his counsel or solicitor for that purpose. When the said application is presented copies thereof will be available for inspection at the office of the undersigned after the 24th day of April, 1986.

DATED This 3rd day of March, 1986.

Richard Hamilton Fisher
Dawson Waldron, Solicitors,
60 Martin Place, SYDNEY.

NOTE:

Any person who intends to appear at the hearing of the application in this matter presented at the Supreme Court of New South Wales must serve on or send by post to DAWSON WALDRON, Solicitors notice in writing of his intention to do so. Such notice must state the name and address of the person or of a firm the name and address of the firm and must be signed by the person or firm or his or their solicitor (if any) and must be served or if posted must be sent by post in sufficient time to reach DAWSON WALDRON not later than 1.00 p.m. on the 24th day of April, 1986.

Shorts will take stake in Boeing prop-fan venture

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SHORT Brothers, the Belfast-based aerospace manufacturer, is to join Boeing of the US in the development of the new technology prop-fan aircraft, the 737.

A memorandum of understanding was signed in London yesterday by Sir Philip Foreman, chairman and chief executive of Shorts, and Mr Richard Albrecht, executive vice-president of Boeing Commercial Airplane Company.

The deal provides for Shorts eventually to take a risk-sharing stake in the 737 venture of up to 5 per cent, which would be worth about \$100m through to the end of the century. In return, Shorts will receive work on building parts at least the same value and probably much more, depending on how many aircraft are sold.

The prop-fan now being developed by aero-engine manufacturers worldwide, is expected to give savings in fuel consumption of up to 40 per cent compared with present-day jet engines.

Boeing is developing its 737, a 150-seat airliner, for service in 1992. McDonnell Douglas is developing its MD-91X for service about the same time. Engine companies involved in prop-fan work include General Electric, Pratt & Whitney and the Allison Division of General Motors in the US, and Rolls-Royce in the UK.

Boeing is building up an international development team for the 737. Recently, the Japan Aircraft Development Corporation, representing aerospace companies in Japan, signed an agreement to take a 25 per cent risk-sharing stake in the 737.

Boeing is expected to sign another 737 partnership pact today with Saab-Scania of Sweden (which is also working with McDonnell Douglas).

Mr Albrecht said yesterday that Boeing was talking with other companies in Western Europe, Australia and Canada. But it would retain not less than 51 per cent of the 737 venture (expected to cost up to \$300m for the airframe development alone).

Boeing has over 600 engineers working on the 737, and the figure will rise to over 1,000 by the end of this year. The company is discussing the venture with many airlines and expects to start signing orders in late 1987 or early 1988.

Sir Philip Foreman said that initially only a few of Shorts' engineers would be involved, but eventually up to 1,000 Shorts workers might be employed on 737 work, some of them new employees.

The 737 work that Shorts would undertake had still to be settled, he said. The company would like it to be in areas where it had special expertise such as composite material structures.

UK NEWS

Shipyard lobbies MPs over naval order

By Andrew Fisher

SWAN HUNTER, the newly privatised shipyard on Tyneside, north-east England, which is hotly competing for a £240m order with state-owned Harland and Wolff of Belfast, yesterday said failure to win the business would cause heavy redundancies.

It has written to 40 MPs interested in the defence industry to explain why it thinks the rival tender by Harland for the two auxiliary oiler replenishment vessels (AORs), to be built for the Royal Navy, represents unfair competition.

Harland said yesterday that under its consortium bid with the Yarrow yard (part of GEC) and Racal, most of the work would be done outside Northern Ireland. It said that its subsidies did not cover naval work and that it also faced job losses without the order.

The Ministry of Defence is expected to place the order soon, after indications last week that the Belfast yard was the favourite to build the two £120m ships. Yesterday, both sides said they were still awaiting the decision.

Mr Peter Vaughan, Swan Hunter's finance director, said the yard was the only bidder to have built a ship similar to the AOR. In the 1970s, it constructed the Kharq for Iran, though this vessel did not have the weaponry and defence systems an AOR would possess.

He said the Swan bid "met all requirements on price, design, delivery and technical performance".

The AORs, of which the Royal Navy eventually wants six, will service the planned fleet of Type 23 frigates. Swan has been promised an order for a Type 23.

Swan is keen to win at least the first AOR order so that it can keep its large design team intact for future work. If Harland wins the second order, said Mr Alex Marsh, operations director, "we could survive through that."

Mr Vaughan added: "If we do not get the first of class in the AOR orders, that puts in immediate jeopardy 200 design jobs, a total of 1,000 by Christmas 1986, and a further 1,000 by Christmas 1987."

Harland said its bid was not unfair - Swan said it did not allow for possible cost overruns on such a new vessel - and that it had adhered to the principles of competitive tendering.

Investors plan daily newspaper

By Raymond Snoddy

A GROUP of UK investors is planning to launch yet another newspaper - a seven-days-a-week tabloid scheduled to begin publication in June. It will follow Today, a full-colour national daily launched this month by Mr Eddy Shah.

An advertisement in the latest issue of UK Press Gazette invites applications for a whole range of journalists from deputy editor, to features editor and news reporters. The new paper is to be fully computerised.

Unusually, both its newsroom and production headquarters are to be based in Kent, south-east of London. Applicants were asked to address their inquiries to a company called AMC Consultants in Hove, East Sussex.

AMC said yesterday that details of the project and its financial backers were entirely confidential and it refused to elaborate on information given in the advertisement. The consultants said that full information on those behind the project would be disclosed by the end of this month.

The leading newspaper groups in the Kent and East Sussex area expressed surprise at the proposed venture. Local reporters despatched to the Hove address were told only that they could leave their address if they wanted a job.

It is not clear whether the proposed paper is to be a paid-for or free-distribution newspaper. Those behind the venture appear to have set themselves the tightest of deadlines, however. Interviews for staff are to be held in London during April and May, yet the launch date is said to be in June.

International Capital Markets February 1986

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Government tightens rules governing cigarette advertising

BY LISA WOOD

A BAN on cigarette advertising in cinemas and six new health warnings, including those relating to the possible link between smoking and fatal diseases, are included in a new voluntary agreement between the tobacco industry and the Government.

Mr Norman Fowler, Social Services Secretary, in announcing the new agreement, said it was a considerable advance on the previous one. He also said discussions were still being held with the industry on sports sponsorship and the outcome would be announced separately.

The new agreement was met with derision yesterday by the British Medical Association (BMA), which has conducted a strong campaign to ban all cigarette advertising. "The new conditions are little more than an attempt to paper over the cracks in the previously highly unsatisfactory agreement. It is inevitable that the time will come in this country when all advertising (other than at the point of sale) will be made illegal," it said.

Under the terms of the new agreement, a committee is to be set up, under an independent chairman, to monitor annually the agreement, which spans from April 1 to October 31 1988. At present, complaints about breaches of the voluntary code are mainly handled through the Advertising Standards Authority. This month, the Health Education Council attacked the policing of the voluntary code.

Cigarettes now carry a health warning that says: "Cigarettes can seriously damage your health." Six new messages will replace that. They include: Smoking can cause heart disease; Smoking when pregnant can injure your baby and cause premature birth; and Smoking can cause lung cancer, bronchitis and other chest diseases. Individual cigarette distributors will rotate the warning. The warning will be ascribed to the Chief Medical Officer and not the Government.

In addition, a small amount of extra space will be given on packets for the health warning and tar rating of the cigarette. The industry is to spend £1m every year on a campaign with the retail trade against the illegal sale of cigarettes to children under the age of 16. Expenditure on poster advertising will be frozen at half that in the year ending March 31 1978.

The new rules will also prevent the poster advertising of cigarettes near schools, and there will be no cigarette advertising in women's magazines with a circulation of over 200,000 where one third of the readership is aged between 15 and 24. There will be a complete ban on advertising in cinemas from April 1.

Mr Fowler, disclosing the new agreement in a written answer in the House of Commons, said: "This agreement is a considerable advance on the previous one. Not only are the public in general provided with clearer messages about the specific dangers to health from smoking, but steps are being taken to protect particularly vulnerable groups in the population such as children and young people, especially young women in their early childbearing years."

The Tobacco Advisory Council said yesterday that it welcomed the Government's determination to stay with the voluntary system. The industry said the new agreement was tough, but it had agreed to it although it was a further erosion of its marketing abilities. It was too early to say what the effect of the new health warnings would be.



Norman Fowler: Clearer message on dangers

Highland Express may postpone launch

BY ALICE RAWSTHORN

HIGHLAND EXPRESS, which plans to operate a cheap no-frills airline from Scotland to the US, is considering postponing its launch date from June this year until spring next year because of a shortage of venture capital.

The airline first attempted to raise launch capital through the Business Expansion Scheme which offers investors tax advantages. When its issue failed to generate the minimum investment of £2.5m, Mr Randolph Fields, Highland Express's founder, turned to private sources of capital.

Mr Fields has since approached a series of private and corporate investors in Britain and the US. Highland Express has already secured £1m from sources such as the Scottish Development Agency and from Mr Fields's own investment, but unless an additional £1m can be raised before Easter the launch of the airline will be delayed.

"Negotiations are proceeding very satisfactorily," said Mr John Dobbs, Highland Express's operations manager. "But they haven't reached a final position. Mr Fields has informed us that unless negotiations are finalised by the end of this month then the launch will be postponed until spring next year."

Should the launch be postponed, Highland Express might try to generate capital through a second, less ambitious Business Expansion Scheme. Its first issue succeeded in raising £1.8m and the company is optimistic about the prospects for a follow-up now that the amendments to the scheme, introduced in last week's budget, are likely to make it much more attractive to investors.

HICKSON INTERNATIONAL PLC

Highlights from the Report and Accounts for 1985

	Year ended 31 December	
	1985	1984
	£m	£m
Turnover	148.0	133.7
Profit on ordinary activities before tax	13.1	15.0
Earnings for ordinary shareholders	7.5	8.7
Total ordinary dividend	2.9	2.7
Earnings - pence per share	39	45
Dividend - pence per share	15	14

"Group performance was affected during 1985 by severe competition in the chemical industry and dull market conditions; the recession in the building industry and currency devaluations which reduced the sterling value of profit arising in South Africa, New Zealand and Australia..."

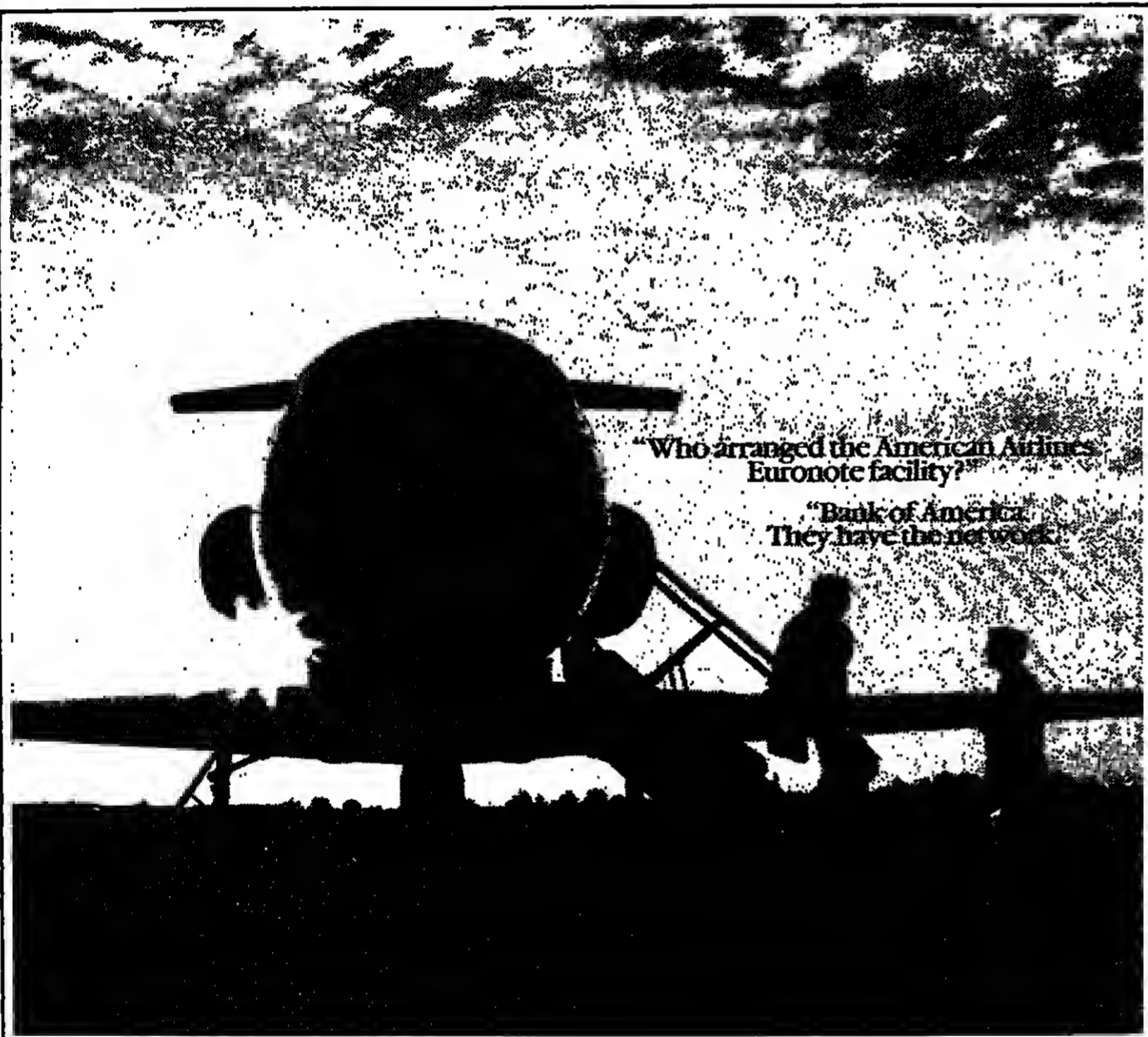
"Demand for chemicals increased in the early part of 1986 and the overall trend in profits is showing signs of improvement..."

"Merchant Disiributors has made excellent progress..."

M. Hopley Chairman

The above information is an abridged version of the group's full accounts which have not yet been filed with the Registrar of Companies but on which the company's auditors have given an unqualified opinion.

The full Report and Accounts will be circulated to shareholders on 9 April 1986 and will then be available from the Secretary, Hickson International PLC, Castleford, West Yorkshire, WF10 2JT.



When American Airlines approached the Euronote market, they realized any investment bank could structure an issue. But very few could place it quickly and efficiently. They needed a bank with proven syndication skills to represent both borrowers and investors. With exacting requirements for price, terms and timing, American Airlines launched an extensive review of the worldwide investment banking community. And they chose Bank of America.

Through our global network, we have the resources to respond promptly to changing opportunities in every major capital market. We can team industry specialists with financing experts from Dallas to New Delhi. Our exceptional performance in the Euronote market, coupled with the teamwork of our investment banking professionals, provided the assurance American Airlines needed. They could count on our network.

For your financing needs, talk to Bank of America. You'll find us virtually anywhere you need us.



For further information in London call: Ian Elstein, Executive Director, Bank of America International, Ltd. 01-634-4537.

“There’s just one problem
with Gleneagles.
It’s such a devilish long walk
to the 19th, to get
one’s glass of Guinness.”



THE MOST DISTINCTIVE BEER IN THE WORLD.
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1985	1986
10.0	10.5
11.0	11.5
12.0	12.5
13.0	13.5
14.0	14.5
15.0	15.5
16.0	16.5
17.0	17.5
18.0	18.5
19.0	19.5
20.0	20.5

CKSON

UK NEWS

Top analysts leave Grieseson Grant for Morgan Grenfell

BY JOHN EDWARDS

THE CITY of London jobs merry-go-round has taken another expensive spin.

Stockbrokers Grieseson Grant say that Mr Anthony Munns, their top banking analyst, his assistant Mr Peter Thorne and Mr Derek Elias, insurance analyst, are leaving to join Morgan Grenfell, the merchant bank.

Lord Donoghue, head of research at Grieseson Grant, said the two banking analysts had been offered "golden hellos" payments of £150,000 each and annual salaries of around £100,000. It would have created considerable internal difficulties to try to match that kind of offer. They were three out of a total research team of more than 50 that had been built up over the past two years, he said. Mr Elias had been with Grieseson for only three months.

Lord Donoghue estimated that Morgan Grenfell would be spending more than £500,000 on its new re-

cruits. Mr Tom Bennett, a banking analyst at de Zoete & Bevan also moving to Morgan Grenfell at the same time, is understood to have been offered similar terms, and Mr Elias slightly less.

In the House of Lords recently, Lord Donoghue said the internationalisation of the City of London meant that it had to pay international rewards. Grieseson Grant was prepared to pay the proper rate for good people.

The tax advantages, however, seemed to lie with the predators, although it was hard to see how they could operate profitably after paying out such large amounts.

Mr John Brew, Grieseson's chief executive, said: "We do not like it, but we can cope." He said the City was going through a turbulent time. Demand exceeded supply for certain staff as companies sought to protect themselves against the uncertainties before the "Big Bang" took place in October.

Negotiations to start over barristers' fees

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

LORD HAILSHAM, the Lord Chancellor, has bowed to pressure from the High Court to negotiate with the Bar over its claim for a substantial increase in barristers' criminal legal aid fees.

Yesterday Mr Nicholas Phillips, QC, for Lord Hailsham, told Lord Lane, the Lord Chief Justice, that "in the light of comments your lordship made on Friday," there had been discussions with the Bar with a view to the creation of a binding timetable to comply with the Bar's claim.

Mr Phillips said Lord Hailsham would like to agree a timetable but needed first to consult colleagues, because a timetable would include a date for a final decision "which may have implications for public expenditure."

Asking that the Bar's case be adjourned until tomorrow, Mr Phillips said that Lord Hailsham would begin the necessary consultations immediately.

Lord Lane granted the adjournment on the assumption that, if the case had to proceed, it would be concluded tomorrow.

In its judicial review application, the Bar is seeking a declaration

that Lord Hailsham acted unlawfully in unilaterally imposing a 5 per cent increase on legal-aid fees from April 1. The Bar contended that he breached his duty under the 1974 Legal Aid Act to fix "fair and reasonable" remuneration and failed to fulfil the Bar's legitimate expectation that it would be consulted before a decision on fees was made.

The Bar claims, on the basis of an independent report prepared for it by management consultants Coopers & Lybrand, that increases of between 30 and 40 per cent in fees are justifiable.

Such an increase, the report found, would bring the incomes of the 2,000 to 3,000 barristers who depend mainly on legal-aid fees into line with those of barristers working in government departments.

The case had been adjourned early on Friday, when Lord Lane, who had said he could not see why there should not be a binding timetable for negotiations, suggested some "hard thinking" over the weekend.

Mr Phillips's reference yesterday to public-expenditure implications indicates Lord Hailsham's quandary.

Shamji loses claim for asset sale disclosures

BY OUR LAW COURTS CORRESPONDENT

MR ABDUL SHAMJI, head of the Gomba Group, has failed in his High Court move to force receivers appointed to his companies by Johnson Matthey Bankers (JMB) to disclose full details of their sales of Gomba assets.

Mr Justice Hoffmann said yesterday that the six Gomba companies concerned had not demonstrated any need to know more facts than they had been given by the receivers, two partners in City chartered accountants Price Waterhouse.

The judge said that, when the receivers were appointed, Gomba owed JMB about £22m. Sales by the receivers had reduced that indebtedness to about £11m.

Gomba's evidence was that Mr Shamji had entered into an agreement on undisclosed terms with an undisclosed third party which, it was said, would provide the funds to pay off the bank and redeem the remaining assets.

To complete those negotiations, Gomba wanted information about the current state of the receivership. It contended that it was legally entitled to more information than

the receivers had so far provided.

Mr Justice Hoffmann said the circumstances of Mr Shamji's "secret arrangements with the anonymous purchaser" were "to say the least, unusual," and the receivers could hardly be blamed for being sceptical. It was not the first time Mr Shamji had assured JMB that repayment was imminent.

The history of this case, both before and after the appointment of the receivers, is a chronicle of unfulfilled assurances by Mr Shamji that someone was just about to provide the money to pay his debts to the bank.

The receivers were under no obligation to provide any information until they had firmer evidence that there was a realistic prospect of the debts being paid, the judge said.

He said the relationship between the receivers and Mr Shamji and his solicitors had not been easy. While not suggesting that the receivers could penalise Mr Shamji for being difficult, the judge thought it not unreasonable for them to be wary about the disclosure of even apparently innocuous information about their activities.

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KOREAN AIR

Galleries/William Packer

The splendour falls on Canadian Walls

Vatican Splendour: Masterpieces of Baroque Art is the first of two exhibitions...

Whatever else it is, the opening of this Vatican show was certainly attended with all the fuss and trumpet of the Major Cultural Event...

It so happens that the National Gallery of Canada owns five baroque works that bear particular relation to certain works in the collections of the Vatican...

The two central figures in the story are the Bernini bust of Urban VIII and the Rubens painting of the Entombment of Christ...



Bernini's bust of Urban VIII



Rubens's 'The Entombment of Christ'

vaggio's Entombment is yet entirely free of its great model... and Martinianus (1629), which is the liveliest work of all.

great rival, Algardi. But it is rounded off by the fine portrait of Clement IX Rospiogliosi by Carlo Maratta of 1669...

Borodin Quartet/Elizabeth Hall

Andrew Clements

For the last four weeks the Borodin Quartet's Shostakovich cycle has been received with consistent admiration on this page...

Songmakers Almanac

Paul Driver

The Songmakers' indeed offered a kind of almanac at the Wigmore Hall on Friday...

Opera in Paris/Andrew Clark

Médée/Paris Opéra

This is the third of the Paris Opéra's seasons devoted to exploring the repertoire that made it the operatic Mecca of the 19th century...

La traviata/Palais Garnier

It was originally intended that Franco Zeffirelli's production of La traviata should visit London on its way from Florence to New York...

Caballé/Covent Garden

Richard Fairman

For most singers a recital is a chance to let words, as much as music, take centre stage...

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

Mar 21-Mar 27

Opera and Ballet

VIENNA: Dance Festival of the Bolshoi Ballet is performing The Golden Age; Raymond (2nd act), Spartacus (2nd act) and extracts from Coppella, La Fille Mal Gardée, The Nutcracker, La Bayadère and Don Quixote...

ITALY: Teatro dell'Opera: Concert performance of Gluck's Iphigénie en Tauride, never before given at the Rome Opera...

Art History/Antony Thorncroft

Angled to the bizarre

From this month the UK has a new art magazine, FMR is the fantasy of a wealthy Italian, Franco Maria Ricci...

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Letters to the Editor

UK nuclear power decisions and fossil fuel prices

From the Director, Centre for International Energy Studies, Erasmus University... Sir, David Fishlock and Malcolm Rutherford demonstrated a lack of objectivity in their report and article on UK nuclear power (March 14). They failed to recognise that the time required for the reported length of Sir F. Layfield's forthcoming report on the Sizewell inquiry indicates that the case for nuclear power on economic, safety and environmental grounds is not as self-evident as the Central Electricity Generating Board believed. They fail to consider that the Inspector's report may well be negative so that it will not be possible, as they suggest, for government approval for the first pressurised water reactor to be given quickly. They fail to note that virtually all world energy supply, demand and price developments since the CEGB submitted its application for the nuclear power station have undermined whatever validity there might have been for the application in 1981.

built to be brought on line before 2000 will be hopelessly uneconomic compared with electricity from fossil fuel stations. This is a situation which is now more or less generally recognised throughout the world and evidenced by the abandonment of nuclear power station projects in countries as diverse as the US, Italy, Spain, Austria, Sweden, Denmark, Brazil, Egypt, Turkey and China. Peter R. Odell, Portbus 1738, 3000 DR Rotterdam.

Co-operatives and the Budget

From Mr M. Lynch... Sir, Samuel Brittan's article "A new look at worker capitalism" (March 6) echoed in my mind as I read the closing stages of the Chancellor's Budget speech referring to a "share-owning industry". Unfortunately Mr Brittan in his remarks about worker co-operatives, and the Chancellor in his proposals, have demonstrated how out of touch they are with the current practice and needs of worker co-operatives in Britain today.

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PR activities in takeovers

From the Chairman, City Research Project, Institute of Public Relations... Sir, The comment expressed in Martin Dickson's excellent article on UK takeover battles (March 12) about the activities of public relations companies is shared by the Institute of Public Relations. This is a major reason why its city and financial group has sponsored a research project into the effect of recent and future changes in the City on the practice of financial public relations. This project, which is due to be completed in May this year, is being carried out by two London Business School MBA students and is designed to result in a code of best practice in the financial public relations sector, which will be appended to the Institute's overall code of professional conduct.

Problems in recruitment

From the Chief Executive, Employment Services Commission... Sir, As my partners and I spend a lot of time advising on capital taxation and, in particular, the burden of capital transfer tax (CTT) and how to alleviate it, I was much interested in Stephen Chaplin's article (March 6) and in David Lang's letter (March 15). I think that people need re-orientation of the benefits of discretionary trusts and similar vehicles for saving CTT and should not be led to believe that the much acclaimed inheritance trust is a sort of cure-all for CTT problems. We view the "inheritance trust" with some concern and caution. We have been involved in a number of cases recently where it is quite obvious that people have been offered an attractively wrapped package which does not suit entirely to their needs and which has been pressed upon them by an adviser, perhaps a bank manager, insurance broker or stockbroker. Such a package normally involves substantial expenditure which could be reduced to a negligible level if some other course involving, for example, a discretionary trust or an accumulation and maintenance trust had been adopted. One such case of expenditure is capital gains tax (CGT). David Lang mentions,

The benefits of trusts

as a factor to bear in mind, but assets transferred to trusts will not be liable to capital gains "washed out" on the death of the settlor. An advantage of the use of a trust however, is that assets can be transferred to it without paying inheritance tax. Inheritance tax is used this often necessitates the sale of assets to raise cash, which may give rise to a substantial CGT bill. Quite apart from this disadvantage, there are risks in inheritance trusts arising from the close scrutiny which the Revenue is undertaking and there are also in many cases income tax dangers on the profits arising from the policies when the insured dies. Notwithstanding these disadvantages the inheritance trust continues to be marketed strongly with minimum or no reference to these pitfalls or to the substantial commission charges to which those who sell them become entitled. It is a cause of some shame that the advisers are frequently professional people upon whom clients place a heavy reliance. I imagine that little can be done about this except to urge clients to seek independent advice and to see what other vehicles may be suitable for their needs. S. J. Northcott, 10 Great James Street, WC1.

Industrial customers wanted

From the President, Machine Tool Trades Association... Sir, The Chancellor pointed out in his Budget statement that unit labour costs in UK industry continue to rise and make the prices for manufactured equipment uncompetitive with foreign manufacturers. We welcome falling inflation and the maintenance of this policy so that industry can bring these costs under control. He has however neglected another major area which affects manufacturers' ability to control costs and this is the industrial customer base. We have watched with alarm over recent years the shrinking of domestic manufacturing capacity with the withdrawal of capital allowances this process is happening even faster. An expanding customer base apart from keeping Britain as a major manufacturing country also increases the volumes of production and enables us to compete out of line with our main competitor countries to the extent that they are a disadvantage in long term strategic capital investment. The machine tool industry is, therefore, most concerned at the neglect which the Government continues to show for industry and its development. A great opportunity has been missed in Government's recognition of the need to put the economy straight. B. P. Bull, 62 Bayswater Road, W2.

The need to assist small debtor countries

From the Assistant Secretary-General and Special Representative of the Secretary-General for Bolivia, United Nations... Sir, Mr Wagstyl's article on the international tin crisis (March 12) correctly states that the difficulties of other tin producers "pale in comparison with Bolivia's which relies on tin for 40 per cent of its export revenues and are likely to plunge 'an impoverished country deeper into economic trouble'". In your Editorial of March 10 you had drawn "one obvious moral of a more general character deriving from the collapse of the International Tin Council, namely 'That groups of governments cannot always be trusted'. It is presumably on this account that Sir Adam Ridgely is cited in Mr Wagstyl's article as being concerned lest 'Debt-laden Third-World countries might use the ITC as a precedent if they ever chose to renounce their loans'". There is an obverse of this coin, and that is that small, desperately poor countries, such as Bolivia, which are demonstrably doing their utmost to

stabilise their economies and at the same time renege democratic obligations, deserve special international understanding and treatment. Since he assumed power in August last year, President Paz Estenssoro has repeatedly pledged his Government's recognition of the external debt inherited from the authoritarian regimes that held power before 1982, and has taken stern measures designed to put the economy straight, which must be the first step towards the economic growth that can alone provide a sound basis for the country to honour its international obligations. These actions, which have caused additional hardship for one of the poorest and most deprived populations in Latin America, have been applauded as courageous by many informed observers. Negotiations with the International Monetary Fund, on which the provision of funds from many quarters depends, are also well advanced. The established procedure takes many months, however, and imposes an almost impossible strain on a small economy with depleted resources and virtually no reserves. In an effort to bridge this gap, until more conventional mechanisms can be put in place and longer term loans are obtained, Dr Javier Perez de Cuellar, the Secretary-General of the United Nations, launched on October 18 1985 an emergency fund of \$150m of short-term loans to be negotiated between central banks. A situation that was already precarious on October 18 worsened dramatically with the collapse of the ITC on October 24 and the failure of the efforts during the succeeding months to find a way of reopening the tin market. This was an added blow entirely to external developments for which Bolivia can hardly be held responsible. The response to the emergency fund has in some respects been encouraging and commitments now stand at \$105m. Almost all of these have been from Latin American countries, the only ones from outside being China and Spain. Most of the other European countries have indicated that nothing can be done until an agreement is signed with the IMF, thus defeating the whole purpose of the exercise, which is meant to be complementary to the IMF

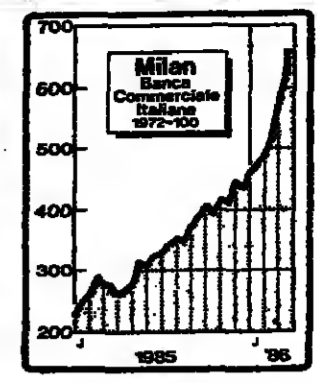


Mario Schimberni: "We must not be afraid." Ettore Fumagalli: condemns unselective share buying. Carlo De Benedetti: "The market is overbought."

Italy's stock market boom

Milan's bulls run wild

By Alan Friedman in Milan



THE STREETS of downtown Milan have been awed in recent days by crowds of people staring at the screens in bank windows which carry the latest flashing prices of shares on the Bourse. A fever has gripped Italy: hundreds of thousands of first-time small investors are pouring money into the stock market as though they were buying lottery tickets. Last year's unprecedented bull run, which saw the Banca Commerciale Italiana (BCI) share index grow by more than 100 per cent, shows no sign of letting up. Last week alone the market rose by 6 per cent and gained 5 per cent in a single day. Daily trading volume is now averaging a record 1,400,000. What is happening is that the boom on the Bourse - originally fuelled by fundamental factors such as large-scale industrial restructuring, falling inflation, reduced labour costs, dramatically improved corporate profitability, political stability in Rome, and the substitution of exorbitantly priced bank loans for companies with share capital - has taken on a populist complexion. Capitalism and the quest for capital gain has become a mass phenomenon. In one way, it is a satisfying, optimistic development which reflects the turnaround which Italy has experienced over the past six years. On the Bourse, however, there is more than a whiff of danger: Italy has always been a country of exaggeration. The country's most senior leaders are now alarmed that the stock market could go too far too fast. Normal Anglo-Saxon standards for analysing shares have never meant much in Italy, but price-earnings ratios have now been virtually discarded as the average hovers between 20 and 40. To take but one example, it is hard to see how even the most successful restructuring of Fiat, the country's largest private sector conglomerate, can justify the fact that Fiat ordinary shares, which stood at L3,000 12 months ago, are today worth L10,500. Fiat shares rose by 19.6 per cent last week. Average yields of 2 or 3 per cent mean as little as price-earnings ratios of 100.

earnings ratios; the game is capital gains. Since the start of this year the BCI stock market index has jumped by nearly 50 per cent. Stockbrokers say they are working until midnight and weekends to keep up with orders, while the bureaucratic backlog at banks which act as dealers with the Bank of Italy's Milan branch is becoming a logistical nightmare. As a result, banks are issuing investors with a type of promissory note instead of share certificates, which can take months to be processed. Still, the popular phenomenon continues. Newly authorised unit trusts have attracted US\$200m of funds from more than 1m small savers in the past 15 months. Even though the unit trusts have been selling heavily in recent weeks, taking profits on a country of exaggeration. The country's most senior leaders are now alarmed that the stock market could go too far too fast. Normal Anglo-Saxon standards for analysing shares have never meant much in Italy, but price-earnings ratios have now been virtually discarded as the average hovers between 20 and 40. To take but one example, it is hard to see how even the most successful restructuring of Fiat, the country's largest private sector conglomerate, can justify the fact that Fiat ordinary shares, which stood at L3,000 12 months ago, are today worth L10,500. Fiat shares rose by 19.6 per cent last week. Average yields of 2 or 3 per cent mean as little as price-earnings ratios of 100. Symptoms of investment fever abound: Sales of Il Sole 24 Ore, the Italian equivalent of the FT have risen to nearly 300,000 copies, a doubling of circulation in just over three years. A rather sophisticated guide called "How to read Il Sole 24 Ore" and priced at \$19 has sold 100,000 copies. In Milan recently white-collar workers at RAS, the country's largest insurance company, blocked the streets for part of a day as they went on strike demanding the right to stock options. Taxi drivers in Milan will ask passengers carrying a copy of Il Sole for today's Fiat or Olivetti share prices. One banker said he was asked the price of Fiat shares by a toll-booth collector on the motorway to L'Umbria, the official organ of the Communist Party, recently introduced share listings after a flood of demands from faithful party member-investors. Mr Carlo De Benedetti, the Olivetti chairman who also controls a personal industrial and financial empire, was among the first of Italy's new generation of entrepreneurs to understand and make use of the market mechanism. He has used a variety of companies to tap the Milan Bourse for around L1,400bn (\$910m) of capital in the past year. But now he, too, is concerned at the way demand on the Milan Bourse is far outstripping the supply of paper. "The market is over-bought," says Mr De Benedetti, adding that "the prices are too high and make no sense." Nevertheless, he sees the growth of the stock market (total market capitalisation has gone from

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By developing a system which enables up to 40 separate communications channels to be combined onto a single optical fibre, Plessey Research has achieved a world first. Up till now, the number of simultaneous telephone conversations - or the video and data traffic equivalent - along one fibre has been limited to some 8,000. The new Plessey system has a theoretical capacity for 500,000 simultaneous calls, so its development has significant potential to increase the capacity of existing cable links and reduce the number of fibres needed. The system is based on wavelength division multiplexing. This process employs different wavelengths or colours of light to carry different information for simultaneous transmission along one fibre no thicker than a human hair. Each can be further subdivided into eight separate colours by a novel process known as spectrum splicing, which was developed by Plessey Research at Caswell in Northamptonshire. The impact of this new technology is expected to have major importance for short and long distance communication systems, for specialist uses in local area networks and parallel computer links, and also for military applications such as aircraft flight control systems.

Plessey MRS for Oman

Plessey has won an order for the supply of advanced circuit switches to the Omani Ministry of Defence. The contract - for the Plessey Multi Role System (MRS) - closely follows the announcement that the Greek Armed Forces have also chosen MRS, as the heart of the Hermes system for their secure military communications network. MRS offers a highly flexible range of switches that provides the most efficient and versatile means of meeting communications requirements through to the 1990s. Developed as a "third generation" system from a substantial Plessey research programme, MRS has already been chosen by Australia and New Zealand for their strategic communications networks.

NO INTERFERENCE ISDX for Oxford

Oxford University has ordered a network of ten Plessey ISDX digital communication systems. The systems, which incorporate DPNSS (Digital Private Network Signalling System) facilities, are expected to be operating in September 1986, in time for the 1986-87 academic year. Among the departments to use the new network will be Engineering and Science, Botany, Zoology and Geology and Surveying. The Bodleian Library and various administrative offices will also be served. The order - valued at over £1 million - was placed through British Telecom, who market the Plessey ISDX as the Merlin DX.

Better information at the bus stop

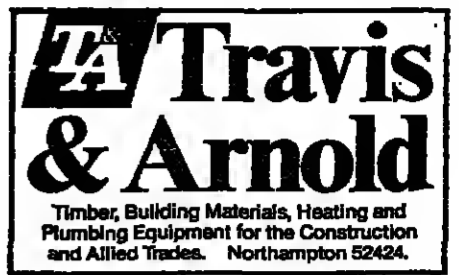
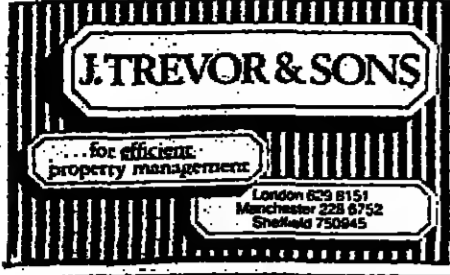
The prestigious Route 65 "Tracine" bus service in Birmingham is to provide a Plessey passenger information system. The order for the system follows an earlier order from West Midlands County Council for Plessey to provide "Tracine" with a traffic light priority system. At bus stops along the "Tracine" guided route, the system will display the expected arrival time of the next bus to waiting passengers, and count down the time remaining, minute by minute. The time is calculated by bus sensors installed at strategic points along the route which signal to the bus stop display over the telephone lines whenever a bus is detected. With the promise of increased passengers resulting



With automatic distribution and message handling, full interface facilities, automatic system control and a foundation support system, it embodies the latest in switching technology. MRS is designed for tactical or strategic systems, mobile or fixed. It incorporates experience gained in the development of the Parrigan system now operational with the British Army in Germany, first contractor. The Omani order is an important stage in the modernisation of Omani military communications, and points the way to further Plessey sales in this highly competitive market.

SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES

Tuesday March 25 1986



BSN buys stake in Générale Biscuit

By David Houssego in Paris
BSN, France's largest food and beverage group, confirmed yesterday it had taken a minority stake, believed to be 10 per cent, in Générale Biscuit, France's leading biscuit manufacturer.

BSN made its move without consulting Générale Biscuit about purchasing the minority stake from the Athens financial group, which controls Populaire d'Assurances. The lack of prior warning caused disquiet at Générale Biscuit which has been the subject of takeover rumours.

BSN said yesterday it had acquired a holding in Générale Biscuit - believed to have cost it about FF2 380m (\$330m) - as "a way of preventing any foreign intrusion into Générale Biscuit's capital."

It added that BSN was anxious to help Générale Biscuit develop in France and abroad in partnership with its shareholders and management.

Mr Claude-Noel Martin, chairman of Générale Biscuit who has been negotiating tie-ups with European food groups, said he was "satisfied" with the statement.

BSN declined yesterday to name the foreign group which it believed was seeking a stake in Générale Biscuit. Foreign interests are believed recently to have purchased a 10 per cent stake in BSN.

Paribas lifts bank profits

By David Marsh in Paris
BANQUE PARIBAS, the banking arm of the nationalised financial and industrial group, boosted net profits 53 per cent to FF2 302.5m (\$43.8m) last year from FF2 198.1m in 1984. That was on a balance sheet that grew only 3.4 per cent from FF2 238bn to FF2 246bn.

Operating profits before tax, depreciation and provisions rose to FF2 3.3bn from FF2 2.61bn in 1984. However, net new provisions were raised to FF2 2.43bn from FF2 1.89bn, in what the bank said was a policy of prudence regarding risks in France and abroad.

Paribas aims to use evidence of increasing profitability of its banking operations since it was nationalised in 1982 as an important element in its strategy of bringing private investors back into the group's capital.

Zale to withdraw from Europe in restructuring

BY WILLIAM HALL IN NEW YORK

ZALE CORPORATION, the world's biggest fine jewellery retailer, plans to pull out of the European market and is considering a number of options including the sale and a public offering of shares in its chain of almost 200 jewellery stores in the UK, West Germany and Switzerland.

Mr Donald Zale, chairman of the Texas group, announced the planned withdrawal from Europe at the weekend as part of a big restructuring of the company following the rejection of an unwelcome \$474m takeover bid from Peoples Jewellers, a Toronto company.

Mr Zale said the European operations were profitable. "However, our strategy of market concentration requires that these assets be redeployed in selected American markets."

In addition, Zale plans to dispose of two underperforming non-jewellery operations in the US - a chain

of 80 airport newsstands and the C. Wilson catalogue showroom divisions. Zale operates 110 jewellery stores in the UK, 66 in West Germany and 20 in Switzerland. In its last financial year, Zale's UK turnover totalled \$33m and its West German turnover, which includes Switzerland, totalled \$40m.

Mr Dolph Simon, a senior vice president of Zale, said yesterday his company had "made very good money in Europe" but the decision to dispose of the operations reflected the intention to refocus on the group's domestic operations.

No decisions had yet been made on how to effect the withdrawal from Europe. The company had thought of selling the UK operation to another company and perhaps spinning off its West German operation by way of a public offering. The company might retain a stake in any publicly offered company.

Zale entered the UK market about 15 years ago and its stores operate under a number of different names. Over the years the UK operation had done well but in the last couple of years the market had been "soft."

Zale refused to say how much it hoped to raise from its European disposals. Zale, a family-controlled group under pressure to improve its financial returns, said it intended intensifying its focus on the domestic jewellery industry.

Mr Zale said: "Our strategy is based on the fact that we can achieve retailing profitability and acceptable returns on assets only through dominant market leadership."

The company will incur a one-time charge of \$80m to \$90m against net income for the year to end-March 1986 to cover the restructuring.

Swedish state to retain hold on brewer

By Kevin Done in Stockholm

THE SWEDISH Government has turned down an approach from Anheuser-Busch, the US brewer for a takeover of Pripps, the 75 per cent state-owned company, which controls more than 50 per cent of the Swedish beer market.

It has also turned down bids from Swedish private sector companies including Volvo, the automobile, energy and food group - which currently owns 25 per cent of Pripps - and investment AB Beijer, the investment company, and has opted instead to sell the concern to Procordia, the state-owned holding company, despite outspoken opposition from the trades unions.

Procordia is to pay SKR 850m (\$118m) for the Pripps parent company Gambrinus, which also includes a smaller brewery, Falken. It will be Procordia's biggest acquisition since the \$137.8m takeover last year of Pinkerton, the US tobacco and snuff producer. The state will compulsorily purchase Volvo's 25 per cent stake.

Procordia was willing to pay the highest price among the Swedish bidders, and it is clear that the Swedish Social Democratic Government was unwilling to contemplate the sale of the country's dominant brewery to a foreign buyer.

The temperance movement is one of Sweden's strongest lobbying groups and the state maintains a virtual stranglehold on the production, importing, distribution and sale of wine, spirits and beer.

The initial purchase of a controlling 60 per cent stake in Pripps by 1975 was a further step to increase the state's role in the one sector of alcohol production, that had hitherto been dominated by the private sector.

Bad debts put Barclays Italy L52bn in red

BY ALAN FRIEDMAN IN MILAN

BARCLAYS BANK'S Italian operation last year incurred losses totalling L52bn (\$338.1m), a deficit larger than the bank's L57bn nominal Italian capital base.

The loss, which is being covered by an injection of L53bn from Barclays' head office in London, can be broken down into L45bn of bad debts which are being treated as a loss (and which come largely from the retail banking side) and L7bn of trading losses.

The Barclays loss in Italy, which compares with a 1984 breakeven performance, is the worst performance among the 35 foreign banks operating in Italy, several of which are having difficulties.

Barclays' loss in Italy last year did not include any write-offs related to a disastrous and embarrassing involvement in the bank had a few years ago with a machine tool leasing venture, the president of which was placed under investigation for fraud.

The ill-fated leasing venture resulted in L40bn of write-offs which

were struck in the years 1982, 1983 and 1984. Some L33bn of these write-offs were taken by the Barclays leasing division in Italy and the remaining L7bn by the bank.

Barclays said yesterday its L107bn Italian deposit base is small because it has only three branches. Similar to other foreign banks in Italy, Barclays is finding it difficult to make money when it must fund its loans on the inter-bank market.

Because the Italian banks have a predominant position in the loan market, foreign banks find that, to sign loan deals, they must sometimes lend at rates below the cost of inter-bank funds.

Standard Chartered Bank has also been among the foreign banks most hit by losses in the past two or three years in the Italian market.

Barclays in Italy, which has L1,400bn of total assets, is hoping to generate profits in future from commission income such as the fees earned on the L300bn of funds it manages for high networth individuals.

Mr Richard Adams, deputy group general manager in Milan, said yesterday: "We have a continuing commitment to Italy and we are repositioning our business to the more up-market corporate and financial services sector and away from retail banking."

Banca Commerciale Italiana (BCI), Italy's second largest bank, yesterday announced an 11 per cent rise in its 1985 net profit to L101.3bn (\$55m).

Meanwhile, Credito Italiano, Italy's third largest bank and, like BCI, controlled by the IRI state holding group, said its 1985 net profit was up by 6.5 per cent to L94.8bn.

BCI said its total deposits declined last year to L61,044bn from L62,370bn at the end of 1984. Credito Italiano said its total deposits were L3,123bn higher on 1984 at L50,081bn.

Credito Italiano's total loan book, in lira and other currencies, was L41,663bn, up by 9.4 per cent.

Metromedia sells radio stations

BY WILLIAM HALL IN NEW YORK

METROMEDIA, the US conglomerate headed by 70-year-old Mr John Kluge, is severing its ties with the broadcasting industry and has agreed to sell its nine radio stations for \$245m to an investor group headed by local management.

The sale of the stations is believed to be the largest ever of a radio station group. It includes stations in six of the top 10 radio markets and covers an estimated 44m people.

Mr Kluge, who recently sold Metromedia's TV stations to Mr Rupert Murdoch, the Australian-born publishing magnate, for \$2bn, said yesterday that it was "difficult to leave radio after more than 30 years, but we have decided to concentrate on Metromedia's substantial telecommunications businesses."

Mr Kluge owns more than 60 per cent of Metromedia's common stock and the latest sale, when combined with the recent disposal of the outdoor advertising operations, will mean that Metromedia's main busi-

nesses will be concentrated on cellular telephones, paging operations and long-distance telephone companies.

The nine radio stations are being sold to an investor group headed by the 45-year-old Mr Carl Brazell, President of Metromedia Radio, and Morgan Stanley.

The stations being sold include WNCW-AM and WNEW-FM in New York and KMET-FM in Los Angeles.

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The stations being sold include WNCW-AM and WNEW-FM in New York and KMET-FM in Los Angeles.

UK advertising groups to merge

BY CHARLES BATCHELOR IN LONDON

CHETWYND STREETS and Addison Page, two leading UK companies in the fields of financial public relations, advertising and executive recruitment, yesterday announced plans for a £45m (\$66m) merger.

The deal would create one of the largest communications and consultancy groups in the UK, employing 560 people and with combined profits of £1.4m and turnover of £57.5m in 1985. The two groups claim 800 of the top 1,000 UK companies among their clients.

This represents the latest in a series of mergers and takeovers in the communications world aimed at

creating more broadly based groups. "We want to be a big and relevant player in the market place after Big Bang (the reorganisation of securities trading in London) in October," said Mr Stephen Smith, chairman of Addison Page.

The merger will take the form of an agreed bid from Chetwynd, which has a full stock market listing, for Addison, which has an Unlisted Securities Market quote. Chetwynd will offer nine of its own shares for every five Addison.

Chetwynd's shares rose 8p to 153p yesterday to value the offer at 275.4p per share, just under the market price of Addison which rose 30p to 280p.

Adison is itself the result of a merger 12 months ago of Addison, best known for its work designing annual reports and other documents, and its PR consultancy, Financial Strategy with Page, one of the largest executive recruitment specialists.

Addison Page yesterday announced a 56 per cent increase in pre-tax profits to £3.12m in 1985 on turnover which rose 55 per cent on a year before to £18.8m.

Advertisement for Norsk Hydro a.s. U.S. \$150,000,000 8% Notes Due 1996. Lists various financial institutions that have agreed to purchase the notes.

Advertisement for BPCA Finance Limited. Japanese Yen 15,000,000,000 6 per cent. Guaranteed Bonds Due 1993. The British Petroleum Company p.l.c. Lists various international financial institutions.

INTERNATIONAL COMPANIES AND FINANCE

Enso lifts payout as earnings double

By Olli Virtanen in Helsinki
ENSO-GUTZTIT, Finland's largest forest products company, plans to raise its dividend from 8 per cent to 9.5 per cent for 1985.

Salzgitter pulled back to profit by steel unit

BY RUPERT CORNWELL IN BONN

SALZGITTER, the state-owned West German steel, shipbuilding and manufacturing group, recovered strikingly last year, turning a DM 432m loss in 1983-84 into a profit of DM 51m for the 12 months to September 30 1985.

Howaldtswerke-Deutsche Werft (HDW) as well as of controlling stake in its subsidiary Luitpoldhütte. In 1984-85 HDW broke even, and with orders in hand for 18 vessels worth DM 2.4bn, is expecting to do so again in the current year.

Sharp gain for Swiss chemicals group

By William Dufforce in Geneva

ROCHE, THE Swiss chemicals group, yesterday reported an 18.8 per cent climb in consolidated net earnings to SFR 451.8m (\$238m) in 1985 on a group turnover of SFR 8.9bn, which was 8.1 per cent higher than in 1984.

Hoffmann-La Roche, the parent company in Basel, showed a net profit of SFR 80.3m, up by 69 per cent over the previous year. The board proposes to raise the shareholders' dividend by SFR 25 to SFR 625 a share or certificate entitled to dividends.

Group cash flow developed roughly in proportion to sales, increasing by 6.5 per cent to SFR 949.8m. The decline in the exchange rate of the dollar prompted a slowing of sales growth in the second half of 1985, but in local currency terms worldwide sales are estimated to have grown by around 12.5 per cent last year.

Some 40 per cent of group sales are realised in North America and more than 40 per cent derive from pharmaceuticals. Turnover in pharmaceuticals grew by 8.4 per cent last year.

In an earlier statement Hoffmann-La Roche said it expected a further improvement in group earnings in 1986 despite "unavoidable currency-related adjustments."

Bekaert and BHP in joint venture

BY PAUL CHEESERIGHT IN BRUSSELS

BEKAERT, the Belgian steel wire products group with extensive international interests, is starting a A\$40m (US\$28m) joint venture with BHP Steel International, a subsidiary of Broken Hill Proprietary, at Geelong in Australia.

BHP's existing plant, adding truck tyre cord and steel reinforcing wire for hoses to current production of steel tyre cord for car radial tyres. The move will make Bekaert and BHP jointly the main force on the Australian market for steel cord products, Bekaert said yesterday.

Investment will be spread over five years. Although Bekaert has 45 plants around the world, it has so far had only a small presence, through imports, on the Australian market. Nearly 90 per cent of group output is sold in Europe.

Credit growth lifts Seibu

BY YOKO SHIBATA IN TOKYO

SEIBU CREDIT, Japan's second largest instalment payment retail store, lifted its pre-tax profits 29.4 per cent to ¥1.48bn (\$8.69) in the year to January.

Net profits rose 17 per cent to ¥699m, on sales of ¥72,47bn, down 5 per cent from the previous year. The company resumed a ¥5 dividend, the first in nine years. Seibu ascribed the earnings improvement to expanded consumer finance business.

For the year ending January 1987, Seibu Credit's pre-tax profits are expected to rise 13.2 per cent over the previous year to ¥1.65bn on sales of ¥73bn, up 0.7 per cent from the previous year. The company intends to maintain the annual dividend at ¥5.

U.S. QUARTERLY RESULTS

Table with columns for Company, Year, Revenue, Net profits, and Net per share. Includes DOME CANADA Energy, GENCO/CP Tyres, plastics, aerospace, MAY DEPARTMENT STORES Retailing, and VILLAGEWAY Fast food.

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NOTICE OF REDEMPTION U.S.\$150,000,000 Midland International Financial Services B.V. Guaranteed Floating Rate Notes 1991

INTERNATIONAL COMPANIES and FINANCE

Bell drops bid in new BHP ploy

BY LACHLAN DRUMMOND IN SYDNEY

BELL RESOURCES, Mr Robert Holmes à Court's energy investment vehicle, has decided not to proceed with its current partial offer for Broken Hill Proprietary — a technical retreat which is expected to be followed by almost immediate registration of a new bid.

It could also contain no maximum acceptance condition and fewer of the more onerous conditions carried in the earlier offer. Such a move would narrow the grounds for legal objections by BHP and increase the prospect of an offer actually reaching shareholders.

More losses for Kirsh Trading

By Jim Jones in Johannesburg

KIRSH TRADING, the troubled South African remitt group, continued to suffer losses in the half year to December even though sales improved substantially.

German group joins funding of MIM venture

By Kenneth Marston, Mining Editor

METALLGESSELLSCHAFT of West Germany has joined Australia's MIM Holdings in funding the further exploration of the MIM copper prospect at Balcooma in northern Queensland.

Tussle over Chinese Estates

BY DAVID DODWELL IN HONG KONG

SUN HUNG KAI International, the Hong Kong-based finance and investment group, has joined forces with family interests linked with Li Fook-shu and Li Fook-hing to make a controversial bid for Chinese Estates, a property group valued by the offer at HK\$317m (US\$40.6m).

After acquiring the stake—acting in concert with Sir Kenneth Fung Ping-fan, the existing chairman of Chinese Estates—Mr Willie mounted a major board reshuffle, removing all Li family members from the board.

Jardine Matheson

Because of a misplaced line, 1985 net losses of Jardine Matheson of Hong Kong were wrongly stated in the Financial Times of March 22. After tax, minorities and extraordinary items, the deficit was HK\$269m (US\$34.4m) improved from losses of HK\$793m the previous year.

MUI increases dividend despite sharp profits fall

BY WONG SULONG IN KUALA LUMPUR

MALAYAN UNITED Industries (MUI), the diversified Malaysian group controlled by Datuk Khoo Kay Peng, suffered a sharp fall in profits last year but is lifting its dividend to mark its 25th anniversary.

Kubota to cut payment and salaries

By Our Financial Staff

KUBOTA, THE Japanese farm machinery maker, is to cut its dividend for the first time in more than 21 years, because of heavy foreign exchange losses resulting from the appreciation of the yen.

Kingdom of Sweden

US\$500,000,000 Floating Rate Notes due 2005 For the six month period 18th October, 1985 to 18th April, 1986, the amount payable per US\$10,000 Note will be US\$9,969.96 payable on 18th April, 1986.

U.S. \$100,000,000 The Sumitomo Trust Finance (H.K.) Limited

Table with 2 columns: Serial Number and Principal Amount. Contains a list of 100 serial numbers and their corresponding principal amounts for the notes.

NOTICE IS HEREBY GIVEN that pursuant to Condition 5(c) of the Notes, US \$2,000,000 principal amount of the Notes has been drawn for redemption on 28th April, 1986, at the redemption price of 101% of the principal amount, together with accrued interest to 28th April, 1986.

The Chase Manhattan Bank, N.A., London, Fiscal and Principal Paying Agent

PRIVREDNA BANKA ZAGREB

FLOATING RATE NOTES DUE 1986

In accordance with the conditions of the Notes, notice is hereby given that for the period 25th March 1986 to 25th April 1986 (31 days) the Notes will carry an interest rate of 8.5%.

Notes of US\$1,000 US\$7.32 per coupon CREDIT LYONNAIS (London Branch) Agent Bank

SCOTLAND INTERNATIONAL FINANCE B.V.

Guaranteed Floating Rate Notes 1992 For the six months from 25th March 1986 to 24th September 1986 inclusive the Notes will carry an interest rate of 7 7/8% per annum.

Agent Bank Barclays Bank PLC Stock Exchange Services Department 54 Lombard Street London EC3P 3AH

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Interest Rate 7 1/8% per annum Interest Period 24th March 1986 24th September 1986 Interest Amount per U.S. \$10,000 Note due 24th September 1986 U.S. \$382.92

Credit Suisse First Boston Limited Agent Bank

NOTICE OF PREPAYMENT The Bank of Tokyo, Ltd.

U.S. \$30,000,000 Callable Negotiable Floating Rate Dollar Certificates of Deposit due 12th May, 1987 (Series RK) In accordance with the provisions of the Certificates, notice is hereby given that The Bank of Tokyo, Ltd. ("The Bank") will prepay the principal amount on the next interest Payment Date, 12th May, 1986, together with the interest accrued to that date.

BURRUPS

THE FIRST NAME IN PRINT

Burrup Mathieson are pleased to announce the appointment of Mr Stephen Brady as their International Manager in Tokyo as from 1st April 1986.

All enquiries concerning Eurobond issue documentation and other printing matter may be made to: Stephen Brady, Burrup Mathieson & Company Limited, c/o Obun Printing Co., Inc., 1-17-2 Hongo, Bunkyo-ku, Tokyo 113, Japan

UCO BANK

Formerly United Commercial Bank NOTICE IS HEREBY GIVEN as from 30 December 1985 United Commercial Bank (having its Head Office at 10 Balaam Road, Calcutta 700 001 India), has changed its name to UCO BANK and continues to operate from their London office at Lee House, London Wall, London EC2Y 5DT [Tel. 605 8212, Telex 986331] and at 100a Balgownie Road, Leicester LE4 5AT

Vertical text on the left margin: Enso life payout earnings double, Kingdom of Sweden, Privredna Banka Zagreb, Scotland International Finance B.V., Bank of Tokyo, UCO Bank.

INTERNATIONAL COMPANIES and FINANCE

Olli Virtanen on the link between Otis of the US and Valmet
Ups and downs of a Finnish takeover

AT FIRST sight the proposed joint venture between Valmet, Finland's state-owned metal and engineering group, and Otis of the US, the world's biggest lift manufacturer, seemed like any other deal. But it soon developed into a politically controversial affair—and one that had several similarities with the Westland crisis.

Here, too, was an attractive American company (part of the United Technologies Corporation) bidding for a Finnish company. But some politicians soon began to favour a more local partner—Kone. And as with the Westland case, management favoured the American bidder for better long term prospects.

In pure business terms the seller didn't really have any choice but the American turned. The affair rapidly turned into a hot potato on the government level, but after weeks of meetings, offers and threats the Americans finally won.

Valmet's board had a clear vision from the start. They wanted to expand production of lifts which they make under licence from Schindler, the Swiss lift maker which ranks number two in the world behind Otis. But Schindler would not allow Valmet to sell their lifts outside Finland. Thus the Finnish company turned to Otis.

Otis was only too happy to make friends with the Finns. After all, the group has a strong market presence all over the world, operating in 130

countries, but not in Scandinavia. Joining forces with Valmet would give them an ideal stepping stone for the Nordic market.

Otis' big obstacle in Scandinavia has been Kone, which ranks third on the world lifts table. Kone regards all of Scandinavia as its home market. So far Otis has been unable to win a significant market share in any of the five Nordic

countries. The directors of Valmet refused to negotiate. In fact there was no contact between the two Finnish companies during the whole process. Mr Matti Kankaanpää, Valmet's chief executive, had signed a clause with Otis which banned liaison talks with other lift makers.

As a result, Kone contacted directly the shareholders of Val-

met. The Ministry of Trade and Industry, which is in charge of practically all state-owned industrial enterprises, took the point and demanded that Kone be allowed to make a bid. This they promptly did.

After postponing the decision, asking for a statement from the Commission for Foreign Investments and considering two more supervisory board—which is politically appointed—failed to take the final decision. That was passed on to Valmet's board of directors, the same body that refused to talk to Kone in the first place.

Eventually Otis got its 70 per cent share of Valmet, and paid an unconfirmed \$20m—and officials have begun to pick up the pieces.

Mr Ian Reynolds, vice-president of Otis Elevators, says that the new company—Valmet Otis—will seek a 30 per cent market share in all Nordic countries. In Finland they already have Valmet's present 30 per cent market share, providing they can keep it. But in Sweden Otis

made a number of acquisitions. Last year it bought lift manufacturing companies in Italy, Germany and Canada. The failure to add a Finnish company to that list is not only an embarrassment but also a potential first step to erosion of strong Scandinavian market share.

Both Otis and Kone now expect price competition to increase. Kone says it is "not opposed to an idea of selling lifts at a loss if situation demands it." Otis counters this by saying that the new company will take a 30 per cent share in Finland and a similar one in other Nordic countries "at any price."

Finland's state-owned companies enjoy a great deal of independence. Some five years ago guidelines were introduced requiring state firms to operate on the same profit-orientated principles as private sector companies, reversing a situation where the Finnish state was seen as a provider of jobs at all costs.

Valmet suffered massive losses in the early 1980s due to politically orientated top leadership. The new professional management under Mr Kankaanpää has turned the company into black. Last year Valmet produced a FM 300m profit on turnover of about FM 6bn. Kone had sales last year of FM 5bn.

The Scandinavian lift business looks set for a period of intense competition—possibly in a price war—now that Valmet has the backing of the sort of financial muscle that a US multinational can bring into the trading ring. Valmet Otis seeks a 30 per cent market share in every Nordic country

Kone claims an average market share of over 50 per cent in Scandinavia including 60 per cent in Finland and about the same in Sweden.

Valmet and Otis signed a letter of intent of a proposed joint venture in October. According to this Otis would own 70 per cent and Valmet 30 per cent of the Finnish group's lift plant which has a turnover of FM 90m (\$17m). The Valmet plant produces about 280 lifts a year, which is roughly 30 per cent of the Finnish market.

When the deal became public in January this year, Kone demanded a fair opportunity to

met. The Ministry of Trade and Industry, which is in charge of practically all state-owned industrial enterprises, took the point and demanded that Kone be allowed to make a bid. This they promptly did.

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Big Five Swiss banks set for another good year

BY JOHN WICKS IN ZURICH

HOW THE BIG BANKS COMPARE

	Balance Sheet Total (Sfr bn)		Net Profits (Sfr m)	
	1985	1984	1985	1984
Union Bank	139.4	131	692	583
Swiss Bank	127.9	119	603	507
Credit Suisse	88.7	84	507	417
Volkbank	25.6	22.5	101	75
Bank Leu	12.9	11.6	46	39

SWITZERLAND'S Big Five banks increased their combined net earnings by more than 50 per cent last year. Officials for the banks, traditionally cautious, are already predicting a successful year—perhaps even more successful than 1985.

Last year's growth reflects an improvement in all main activities. The most significant upswing continues to be in the non-credit sector, the strong stock markets in particular contributing to what a Swiss Bank Corporation analysis shows as a 20 per cent rise in Big Five commission income.

At the same time, livelier currency business led to a growth in earnings from the banks' foreign exchange and precious metal trading which rose by more than 17 per cent. Earnings from securities developed quite differently from bank to bank—actually dropping by almost 15 per cent in the case of SBC itself—and showed only a slight combined growth rate of under 5 per cent.

The increased importance of financial services and fee income means that balance-sheet totals are less and less a guide to banking prosperity. According to Swiss National Bank figures total published assets grew by only some 4.6 per cent in the first 10 months of 1985 to SFR 740bn (\$391bn; since then

there has been a continued deceleration due to the drop in the dollar.

Today the Big Five are rapidly building up their asset-management operations. Retail banking remains extremely important but the real growth is elsewhere.

This year shareholders are benefiting from the generally excellent 1985 results with diverse increases. Union Bank of Switzerland has already dropped a broad hint that it will come up with a present next year to mark its 125th anniversary.

rights issues in the past few weeks, as well as such other banks as Dow Banking and Banca del Gottardo. One of the most interesting smaller banks, the privately owned Contobel, recently disclosed plans for a public share issue.

Despite optimistic forecasts, it is impossible to say how the banks will fare in 1986. They may not get such a boost from the stock market as last year, and what might happen on currency markets is anybody's guess. For the present, though, unpleasant surprises would be surprising indeed.

Swiss bankers are barely seriously threatened by the international debt crisis. Risks in problem countries make up a relatively small share of their total commitments. In addition to this, they have vast capital resources—both published and hidden—to which they are constantly adding.

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NOTICE IS HEREBY GIVEN that pursuant to Condition 5(B) of the Notes, The Bank will redeem all of the Notes at their principal amount on the next interest payment date 24th April 1986.

Repayment of the principal will be made upon presentation and surrender of the Notes, with all unmatured coupons attached, at the offices of any one of the Paying Agents mentioned thereon.

Coupon No. 4 which matures on 24th April 1986 should be detached and presented for payment in the normal manner.

Bankers Trust Company, London Agent Bank
25th March, 1986

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U.S. \$750,000,000

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In accordance with the First Supplemental Trust Deed dated 14th February, 1986 ("the Trust Deed") made between Barclays Bank PLC ("the Bank") and Phoenix Assurance Public Limited Company, constituting the Notes, the Bank hereby gives notice that 9th June, 1986 has been determined as the Exchange Date as defined in Clause 5(B) of the Trust Deed.

Persons entitled to delivery of any of the Notes are accordingly advised to obtain from the specified office of any of the Paying Agents, the office of CEDEL S.A. in Luxembourg or the office of Morgan Guaranty Trust Company of New York as operator of the Euro-clear System ("Euro-clear") in Brussels, the form(s) of the relevant certificate(s) to be completed, stating that such Notes are beneficially owned by persons (a) who are not (i) U.S. persons (as defined in the Trust Deed) or (ii) persons who have purchased them for reseller or resale to any U.S. person or (b) who are U.S. bank branches (as defined in the Trust Deed). Completed certificates should be delivered to the office of CEDEL S.A. in Luxembourg or to the office of Euro-clear in Brussels, prior to, on or after the Exchange Date. Definitive Notes with Coupons will be available on, or after the Exchange Date in exchange for relevant certificates.

BARCLAYS BANK PLC
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THE PETERBOROUGH EFFECT
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INTERNATIONAL COMPANIES and FINANCE

Hanson introduces longest-ever Eurosterling bond

BY CLARE PEARSON

HANSON TRUST, the diversified British industrial holding company, launched the longest-ever Eurosterling bond yesterday. The 20-year £100m issue follows last week's 17-year issues for MEPC and Imperial Chemical Industries (ICI) and, like the second of these, carries only a negative pledge as security.

The issue has a coupon of 10 per cent and a 1001 per cent price. After taking fees into account, it was launched yielding about 85 basis points over the 12 1/2 per cent Treasury Stock 2004-09, the normal long-dated reference rate.

Alexander Nicoll on traders' reaction to the Budget proposal for US trading of UK shares
Share tax plan seen as threat to London's volume

LONDON'S international capital market practitioners, already worried about their place in the new regulatory scheme of things, have been thrown into dependency by Britain's plan to tax US trading of UK shares.

which the Government will delegate many powers. The SIB rules put less emphasis on requirements on securities houses' dealings with corporate treasurers and investment managers

in which rules are spelled out in detail in law. The UK Bill, by contrast, is chiefly enabling legislation designed to leave precise rules up to the markets themselves. It also has to be

would become a criminal offence, as it is in the domestic stock market. The Bill exempts international securities from this structure, but leaves it unclear whether warrants and other instruments would be included.

The outcome of talks between the DTI and ISRO is that the exemption will apply to instruments which have their origin in the international bond markets. But the government will apparently need a good deal of convincing that international issues of equities should also be exempt.

Officials have asked ISRO to come up with specific examples of where British stabilisation has been shown to be beneficial. Since many blue chip British shares are viewed as international equities, an exemption could mean significant managers were allowed to stabilise the price of ICI, yet could go to goal for doing the same with a lesser British stock.

FFr 400m offering by Trusthouse Forte

BY OUR EUROMARKETS STAFF

TRUSTHOUSE FORTE (THF), the UK hotels and catering group, yesterday launched its first French franc Eurobond since parliamentary elections brought a conservative government to power under President Mitterrand.

until now financed assets in France including such Parisian hotels as the Plaza Athénée. The bond, which matures in 1991, pays a coupon of 8 1/2 per cent and is priced at 99 1/2.

Y20bn bond with a five-year life and 5 1/2 per cent coupon, and an issue price of 101 1/2. Dealers said it was well received by a market that has been looking for a start-back issue.

Japan's Prime Minister, Mr Yasuhiro Nakasone, hinted yesterday at the possibility of the issue of construction bonds if need be. However, he reaffirmed the Government's aim to cease issuing deficit-covering bonds by fiscal 1990, Ryodo reports.

Sharp rise in foreign issues by Japan banks

By Yoko Shibata

JAPANESE BANKS have, in catering for brisk overseas lending business, expanded sharply overseas fund raising with foreign bond issues through their overseas units.

More construction bonds in prospect

Construction bonds are issued mainly for financing public works. They are distinguished from deficit-covering bonds which are designed to make up for revenue shortfalls.

possibility of a virtual departure from the avowed policy of curbing the issue of national bonds. He is also unclear whether they are construction or deficit-covering bonds.

Mr Nakasone reportedly told a cabinet meeting on March 14 that the Government will not be able to resort to fiscal spending as a means of stimulating the economy at least in the next five years.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on March 24

Table with columns for Bond Name, Issued, Bid, Offer, Day, Week, Yield, and Change on week. Includes sections for US DOLLAR, OTHER STRAIGHTS, CONVERTIBLE, and SWISS FRANC.

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Deutsche... Bank... Capital Markets launched an issue for Chevron, the US oil company. The \$300m issue pays interest at 8 1/2 per cent and was priced at 100 1/2 per cent to give a yield at issue, inclusive of fees, of around 160 basis points over comparable US Treasury issues.

VOLVO Aktiebolaget Volvo U.S.\$100,000,000 7 1/2 per cent. Notes Due 1988 Issue Price: 100 1/2 per cent. Merrill Lynch International & Co. Bank of America International Limited, etc.

Application has been made for the Notes, in bearer form in the denomination of U.S.\$5,000 each, constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Note.

Listing Particulars relating to the Notes and the Issuer are available in the statistical services of Exel Statistical Services Limited and copies may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) from the Company Announcements Office of The Stock Exchange.

Indesit in talks on rescue plan

By Our Financial Staff

ITALY'S troubled Indesit white goods group is holding a second round of talks with several potential rescuers, the company's court-appointed administrator Mr Giacomo Zucchi said over the weekend.

The prices over the past week were supplied by: First Chicago; Credit Commercial de France; Citicorp International Bank; Credit Commercial de France; etc.

Why Morgan Guaranty manages bond issues in more currencies than any other underwriter

Major borrowers increasingly are turning to the international currency markets to meet both their dollar and non-dollar financing needs. And they choose Morgan Guaranty to manage issues in a wider range of currencies than any other underwriter. Issuers give Morgan these mandates because we have the capital strength, global resources, and skills to structure the most advantageous financings—in any currency.

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They find that our capital strength—over \$5 billion in primary capital—reduces their cost and risk in intermarket arbitrage. They also find our currency and interest-rate swap specialists can help them create dollar obligations at the lowest cost.

Here are examples of how we helped borrowers take advantage of new opportunities in foreign-currency bond markets in 1985, when more than half of all international debt issues were in non-U.S. dollar currencies.

Deutschemarks. Morgan Guaranty GmbH was lead manager of an R.J. Reynolds DM265 million issue swapped into U.S. dollars. This was the first straight Euro-Deutschemark issue in which a foreign-owned firm acted as book-running lead manager.

French francs. We were co-lead manager of eight French franc issues, more than any non-French bank. We co-lead, with two French banks, a Gaz de France issue that reopened the Euro-French franc bond market after a four-year lapse. Then we co-lead French franc issues for IBM France, the Kingdom of Sweden, Mobil, Electricité de France, and Unilever.

ECUs. Morgan was lead or co-lead manager of ten ECU issues, including an ECU100 million issue for Security Pacific Australia which we swapped into U.S. dollar financing.

Swiss francs. Morgan Guaranty (Switzerland) Ltd launched as book-runner a SF235 million issue which we combined with a currency swap to provide 15-year U.S. dollar financing for R.J. Reynolds. Increased to SF275 million, this was the largest Swiss franc offering to date by a U.S. company. In the Swiss public bond market we were also book-running lead manager for issues for Chrysler, I.T.T., PepsiCo, Olivetti, and the first zero coupon issue for the World Bank.

Sterling. We were book-running lead manager for Euro-sterling bond issues for British Petroleum, Sterling Drug, and N.V. Amev. In addition, Morgan lead managed a \$100 million issue for Minnesota Mining & Manufacturing that was the first dollar/sterling dual-currency issue ever.

Australian dollars. Two issues for Bank of Tokyo and one for Dresdner Bank were among the seven A\$ issues led or co-led by Morgan.

New Zealand dollars. We led ten issues, including a NZ\$75 million Coca-Cola Financial issue which we swapped into fixed-rate U.S. dollar financing.

Lira. We were co-lead manager of the first U.S. corporate Euro-lira issue for United Technologies, for Lit50 billion.

Danish krone. We were lead manager for the first two issues in the Euro-Danish krone bond market, which opened last year.

Yen. For J.C. Penney, we arranged U.S. dollar fixed-rate funding, at a cost below the yield on U.S. Treasury notes, through a Euro-yen bond issue and currency swap.

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Selected non-U.S. dollar issues lead managed by Morgan Guaranty in 1985

Bank of Tokyo	A\$50 million
British Petroleum	MTZ billion
British Petroleum	£50 million
Chrysler Financial	SF160 million
Chrysler Financial	NZ\$65 million
Coca-Cola Financial	NZ\$75 million
European Investment Bank	DKR250 million
Finavia	FF100 million
Gaz de France	FF500 million
IBM Credit	NZ\$60 million
IBM France	FF700 million
IBM World Trade	ECU150 million
Kingdom of Sweden	FF500 million
Marobank	FF200 million
Mass Transit Railway (Hong Kong)	HK\$700 million
McDonald's	£25 billion
Mobil	FF500 million
North Investment Bank	DKR200 million
N.V. Amev	£50 million
Obvian	SF100 million
PepsiCo	SF130 million
Penney	FF500 million
R.J. Reynolds	DM265 million
R.J. Reynolds	SF275 million
Security Pacific	ECU100 million
Sterling Drug	£30 million
Synex	¥20 billion
Unilever	FF250 million
United Technologies	Lit50 billion
World Bank	SF600 million

The Morgan Bank

UK COMPANY NEWS

Timber protection setback reduces Hickson to £13m

A SHORTFALL of £2m from its timber protection interests in 1985 together with a sharp decline in chemical sales during the last four months reduced Hickson International's full year pre-tax profits by 12 per cent to £13.12m.

The 1985 year saw group turnover rise from £133.75m to £148.02m but costs and overheads surged by £15.76m to £135.33m. Investment income less interest charges added £34,000 (£760,000).

Vinten pays £1m for contract release

Vinten Group, the electronics and computer concern, announced yesterday that it has had to pay Computing Devices Company £1m to be released from a contract to develop a military reconnaissance video recorder.

Memec rises 40% despite semiconductor market

IN SPITE of very poor market conditions in the semiconductor market, Memec (Memory and Electronic Components) raised pre-tax profits by 40 per cent from £4.51m to £6.52m in 1985. Sales climbed 44 per cent to £49.51m, against £34.43m.

Although the company's continuing policy is to limit its exposure in this market, its 1985 results suffered somewhat from this fall in demand and prices. In other areas business grew satisfactorily.

On prospects, the company says that it is still too early to be certain that the worldwide semiconductor component business is on the way to recovery, but current activity indicates that market conditions will be better in 1986.

Smith St Aubyn: new approach

Smith St Aubyn, the discount house which agreed last month to be taken over by Irving Trust, the US banking group, told its shareholders in a surprise announcement yesterday that it had received another approach which could lead to a better offer.

Petranol at a record £3.3m

Petranol, a UK oil group with its production base in the US, raised profits from operations during 1985 from £963,252 to £3.17m and at the pre-tax level from £1.33m to a record £3.2m.

Petranol's impressive profits growth in 1985, but the figures, as with those from any oil producer, are really academic: the market is interested only in what today's oil price is going to do to this year's results.

Arbuthnot Govt

The Jersey-registered Arbuthnot Government Securities Trust has shown improved revenue for the half year ended February 28 1986. Gross revenue is up from £2.41m to £2.48m while the net balance, after all charges, rises from £2.3m to £2.36m.

Sovereign Oil is cautious about prospects

Sovereign Oil & Gas achieved satisfactory results in 1985 due to a combination of crude prices averaging about \$22 a barrel and the resilience of production from the Brae and Forth fields.

On turnover up from \$54.59m to \$58.32m, pre-tax profit fell from \$18.17m to \$12.56m. With a tax charge of \$5.58m (£7.53m), earnings per share came out at 15.58p, against 28.32p for the previous year.

The pre-tax figure was struck after exploration costs written off of \$8.91m (£8.75m) and finance charges of £2.21m (£3.19m). It included interest received of £1.18m (£736,000).

share) in this useful account has been switched over to be available for corporation tax cover. The balance sheet looks highly geared until the sweetheart loan to Sovereign from Marathon, used to finance Brae's development, is set aside. In effect Sovereign collects a guaranteed 40 per cent royalty on its 4 per cent stake in Brae. Further the company ended the year with £10m in the bank. On a two-year view, Sovereign looks like a survivor but the shares, 60p last night, are attractive only to the brave.

Maxwell has 14.1% stake in Clive Discount

MR ROBERT MAXWELL, the proprietor of the Daily Mirror newspaper, emerged as a substantial shareholder in Clive Discount, the discount house which has agreed a merger with Prudential-Bache, the US securities group.

Asda raises £9m via debenture issue

Asda Property is raising £9m through first mortgage debenture stock in order to reduce its variable rate borrowings and to provide a stable base for future expansion.

Pifco/Mellerware

Mellerware International, has agreed to sell part of the business assets at Sons, to Pifco Holdings for a consideration of approximately £750,000.

Murray Ventures

Murray Ventures, investment trust, raised net asset value to 433.8p as at January 31 1986, against 373.5p a year earlier.

BROWN GOLDIE & CO. LIMITED Development Capital for Private Companies Management Buy-Outs Write or telephone: Ian Hislop or Cameron Brown, Brown Goldie & Co. Limited, 16 St. Helen's Place, London EC3A 6BY. Telephone: 01-638 2575.

W.S.L. HOLDINGS PLC (Incorporated in England with registered No. 222271) Introduction of 17,921,046 new ordinary shares of 5p each of W.S.L. Holdings plc Application has been made to the Council of The Stock Exchange for the whole of the share capital of W.S.L. Holdings plc, issued and to be issued, to be admitted to the Official List.

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UK COMPANY NEWS

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MMG sees profit cut as export margins disappoint

A REDUCTION in profits for the year to June 30 1986 are forecast by the Magnetic Materials Group, which made its debut on the USM last October. For the first six months the group has shown a marginal increase from \$962,000 to \$980,000 but the expectation is that the second half will not equal that. For 1984-85 the profit was \$2,224m.

Mr L G Baker, chairman, says there has been a recent fall off in demand for some of the group's products, but he sees this as a cyclical situation related to recent problems in the electronics industry generally. Whereas the group's sales currently represent a larger share than hitherto of the available business, particularly in soft ferrites in the UK, profit margins in export markets have not matched expectations because of the strong pound against currencies tied to the dollar.

Weeks of coming to market MMG's order book started to fall away. The difficulties are centred on the computer sector with Swift Levick's permanent magnets taking the brunt of the downturn. Further investment in rare earth components and possible acquisitions will eventually leave MMG less vulnerable to the highly competitive permanent magnet market while a general recovery in orders points to a better 1986-87. But it takes a great deal of confidence to start predicting a full recovery when MMG is showing how quickly markets can move against it. After yesterday's 30p fall to 85p the shares, on a p/e of 12½ after a 20 per cent tax charge, are still searching for a firm footing.

Spring Ram ahead 46% and good start this year

Spring Ram Corporation, a maker of bathroom and kitchen equipment, lifted pre-tax profits by 46 per cent from \$3.03m to \$4.43m in 1985 and the current year has begun well.

Turnover climbed 41.5 per cent to £27.3m (£19.36m) and the company increased its UK market share in bathroom products and flat pack kitchen furniture.

Early's of Witney double to £304,000

With sales of both blankets and floor coverings showing improvements Early's of Witney was able to double its profits from £150,634 to £304,574 pre-tax during the year to February 1 1986.

After a tax charge of £793,000 this time, stated earnings per 10p share rose from 14.5p to 18.2p. The final dividend is stepped up to 1.31p for a total increase from an equivalent 1.65p to 1.81p net. A one-for-one scrip issue is also proposed.

The dividend total is held at 1.315p net, covered 3.16 (1.5) times by earnings of 4.16p (1.96p). The final payment is 1p (same). Turnover moved ahead from £8.75m to £9.25m and operating profits by 48 per cent to £383,402.

Grampian Hldgs up £1.7m and order books are healthy

IMPROVEMENTS in all activities together with reduced costs enabled Grampian Holdings to lift its 1985 profits by £1.7m to £3.42m pre-tax.

have waxed and waned with those of the industrial conglomerates sector to which it belongs. The market has taken conglomerates to its heart in recent months, especially conglomerates like Grampian which make enthusiastic noises about organic growth, rather than acquisition. The shares rose by 18p to 238p yesterday and should rise further once the scrip issue takes effect and with profit projections of £4.4m and a p/e of 9.5 for 1986. Of Grampian's four core areas of activity only one, transport, has been relegated to the ranks of the growthless. Within pharmaceuticals Grampian expects to benefit from the drug companies' indifference to animal products; retailing will expand through the development of new tourist "mills" and Gleneagles classics shops; while sportswear should be buoyed by soccer's popularity on the US college circuit and by the acquisition of new brand names in the serious sports field.

A scrip issue on a one-for-two basis is also proposed. Turnover for 1985 rose from \$46.73m to \$53.57m. The profits broke down by activity as to transport and construction £1.83m (£680,000), retail £1.56m (£981,000), sporting goods £268,000 (£263,000) and pharmaceuticals \$404,000 (£339,000).

Central costs were cut from £550,000 to £425,000. Tax accounted for £832,000 (£877,000) and extraordinary charges for £282,000 (nil).

UK side lifts Hall Eng

A JUMP of over £3m in UK profits enabled Hall Engineering (Holdings) to increase pre-tax figures by 55 per cent from £2.7m to £4.25m in the year ended December 31, 1985. Turnover was marginally ahead at £19.53m against £17.23m.

At the operating level, profits increased from £2.46m to £5.05m, before including share of related companies profits—down from £2.09m to £1.13m. Interest charges were little changed at £1.82m, against £1.86m.

Tax charge was up from \$467,000 to £1.02m and after minorities of £10,000 (£2,000) and sharply reduced extraordinary debits of £37,000 (£1.36m), attributable profits showed an advance from £911,000 to £3.87m. Net borrowings fell by 51 per cent in the year from £12.8m to £6.3m and as a result, gearing was reduced from 35.4 per cent to 19.4 per cent.

Interim Statement of Results - 6 months to 31 December 1985

FROGMORE ESTATES PLC

Unaudited Results	6 months to 31 Dec '85 £000s	6 months to 31 Dec '84 £000s
Turnover	15,418	17,073
Profit before taxation	5,122	4,626
Taxation	(1,835)	(1,855)
Profit after taxation	3,287	2,771
Interim dividend - Net amount per share	1.945p	1.768p
Earnings per share	9.5p	8.0p
Estimated Net Asset Value Per Share	235p	209p
Contracted Rent Roll	£7,980m	£6,297m

Highlights from Chairman's statement

- * Record interim results with pre-tax profits 18% higher at £5,122m
- * Interim dividend increased by 10% to 1.945p net, payable 2nd May, 1986
- * Earnings per share have risen by 19% to 9.5p
- * Contracted rent roll £7.98m increased by 17%
- * Net Assets per share now estimated to be 235p
- * Group borrowings further reduced - less than £15m
- * Looking forward with confidence to Company's continued progress



FROGMORE HALL, WATTON-AT-STONE, HERTFORDSHIRE SG14 3RW

Nuclear work helps Shorrock to 36% rise

Contracts for the installation of security systems at the Torness and Heysham II nuclear power stations have contributed to the success of Shorrock, which specialises in electronic security equipment, in the 1985 year.

Pre-tax profits rose by 36 per cent to £1.81m (£1.33m) on turnover ahead by more than £4m at £16.95m, and earnings per share rose from 3.81p to 5.36p. The dividend is lifted from 1.5p to 1.9p with a 1.33p final.

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Record sales by Charterhall North America

ON THE back of record sales Charterhall North America, the unquoted offshoot of Charterhall, reported pre-tax profits of £346,000 for 1985 against losses for the previous year of £37,000.

Directors say that oil production increased by 52 per cent and gas output rose by 70 per cent for turnover of £2.02m (£1.21m). Earnings per 10p share came out at 6.28p (2.17p loss).

They add that net proven oil reserves improved by 28 per cent during the year with a 6 per cent increase in net proven gas reserves.

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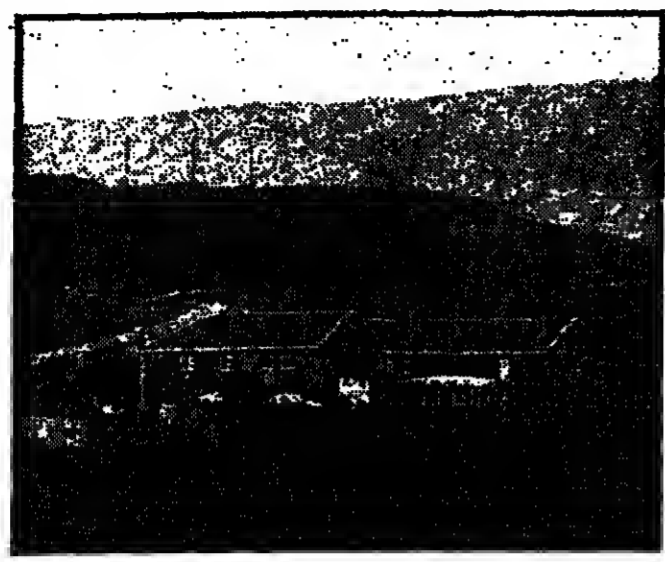
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THE MANAGEMENT PAGE: Small Business

MANY PEOPLE are attracted by the idea of starting a small business when they retire. Many don't survive, quite simply because they have tried to turn a hobby or interest into a commercial proposition without realising how deep unknown waters run.



Drumacraigh Hotel: marketing effort given focus

Why promotion needs direction

Nicholas Leslie on a hotel's search for custom

Donald McLean is one of the exceptions. Today, an extraordinarily spritely 75-year-old, he and his wife Wendy run a small country house hotel on the Isle of Mull, off the west coast of Scotland. It is a venture which bears witness to 10 years of toil, persistence and imagination.

Donald and Wendy McLean's ambition was first fired by Donald's desire to establish a business which Wendy would be able to take over entirely when he was no longer able to help; Wendy is his second wife and considerably younger than he.

Planning began several years before he retired from his job as a physicist with the Ministry of Defence in 1973. When they began speculating on areas of joint expertise the idea of a small restaurant or hotel began to suggest itself.

They were funded by a £23,000 grant and £15,000 loan from the Highlands and Islands Development Board and considerable support from the Clydesdale Bank.

Some professional help was enlisted on the rebuilding (there was little but crumbled walls and no roof). But we did everything we could ourselves," says Donald. This included wiring, plumbing, plasterboarding and decorating.

to Mull, via the Oban ferry; were needed to transport everything and, even after the hotel opened, Wendy was buying some of her supplies, particularly meat, down south because she could not get what she wanted locally.

Three years of hard work (and living in a caravan) saw completion of the rebuilding while they lived on Donald's pension. The doors were opened to the Drumacraigh Hotel in 1979. They began by spending £3,000 a year on newspaper advertisements, but got "practically nothing" in the way of custom.

Donald now admits that "at the beginning we hadn't a clue how we would sell the hotel to the public." They thought simply that a few newspaper advertisements in such papers as the Observer and Sunday Telegraph would do the trick.

New brochures were designed and printed defining more clearly the market niche to which the hotel aspired. Various, more specialist and focused, forms of publicity were also organised and the hotel eventually found its way into the Good Hotel Guide, the Michelin Guide and the BTA commended guide.

The result was a substantial return in business enabling the McLeans to plan forward with greater certainty. Strangely, perhaps, given the generally poor economic climate of the region, Wendy finds staff something of a bugbear. "Finding staff who are prepared to work with us in the way we want is our biggest problem," she says.

In brief...

THE TENTH annual small business teacher training programme to be held during the two weeks starting July 14 at Trent Polytechnic, Nottingham.

Supported by the Manpower Services Commission and National Westminster Bank, the course will include speakers on small business training and education from government and professional bodies.

ANYBODY WHO feels confused by the huge number of guidebooks offering advice on how to start an independent venture will welcome this week's publication of Starting a Small Business—a Select Bibliography.

AROUND 160 franchisors are expected to take stands at the third annual National Franchise Exhibition to be held from October 10 to 12 at London's Kensington Exhibition Centre.

The organisers estimate that some 15,000 would-be franchisees will be attending the event to examine the prospects of joining an industry which represents an annual turnover of £1.75bn.

LAST WEEK'S Budget contained useful nuggets for practically every kind of entrepreneur, ranging from youngsters struggling to exchange the dole for self-employment to established businesses seeking venture capital.

Even if the package appeared to critics to amount to less than the sum of its parts, small business lobbyists got much more favourable treatment than they expected. Moreover, Nigel Lawson, the Chancellor, produced nothing that will make entrepreneurs' lives significantly harder (they are still smarting from the phasing out of capital allowances announced in the 1984 Budget).

Life will from now on be a little easier for people starting out in self-employment. They will pay slightly less tax, get cheaper loans and find it easier to obtain help from the Manpower Services Commission.

One of the most popular ways of getting started in business—at least for 121,000 people over the past four years—is through the £40 per week subsidy available under the Manpower Services Commission's Enterprise Allowance Scheme. This is now to be enlarged from 65,000 to 100,000 places annually, making room for more than 1,900 entrants per week—good news for anybody queuing for a subsidy.

EAS participants, like all unincorporated businesses, will get a small bonus from the one per cent point cut to 29 per cent in basic personal tax rates. This would save an EAS entrant just over £20 annually.

The general reduction in base rates which followed the Budget is clearly good news for all business borrowers; however, the smallest ventures will also benefit from the halving in the premium paid for government guaranteed loans from 5 per cent to 2.5 per cent. The premium applies to the 70 per cent portion of Loan Guarantee Scheme facilities backed by the Government so it comes down to 1.75 per cent net if spread out over the whole loan.

AFTER THE BUDGET

William Dawkins discusses the latest measures from the Chancellor

Applicants for LGS loans can expect to get a more welcome hearing than recently from bank managers, who were unwilling to push the scheme until last week because they feared the Government would abandon it.

Further up the small business scale, incorporated companies also get a small tax windfall, with the added sweetener of measures to make it easier for the less asset rich among them to raise venture capital from private investors.

The one percentage point cut to 29 per cent in the small companies' corporation tax rate will save £1,000 for a business making £100,000 pre-tax this year, the top limit for the low rate.

Small ventures with growth potential will undoubtedly find it easier to attract investors' attention now that the BES, which allows people to offset the cost of buying unquoted equity against their top marginal tax rates, also offers Capital Gains Tax exemptions on share sales.

But any business with more than half of its net assets in land or buildings can now forget the BES, unless it wants to raise less than £50,000 per year. Holding goods collected as investments is also out. This is bad news for hotels, wine shippers and antique dealers, but good news for hosts of small manufacturers and high technology companies which will no longer have to compete for BES cash against apparently copper-bottomed investment schemes.

party assets are reduced in value so that more than half of the venture's worth ends up in property, they could technically be thrown out of the scheme.

Companies with more than 90 per cent owned subsidiaries—even overseas ones—can now join the BES, so ending an exclusion which has frustrated the ambitions of several high technology ventures which needed to work in foreign markets to keep up with competitors.

All these changes are likely to be of most benefit to younger businesses. However, the Chancellor has also produced a carrot for old established family concerns in the form of the abolition of Capital Transfer Tax for gifts made within seven years before the donor's death.

This will be a boon for family companies with ageing managers who want to pass ownership smoothly down to the younger generation. Until last week, such companies faced the threat of having to be broken up or sold to pay the CTT bills arising from such ownership changes.

If they feel like celebrating their survival with a spot of expansion, a more affordable source of labour is being made available through the New Workers' Scheme. This gives a £15 per week subsidy to business nesses which take on young people aged between 18 and 19 at wages of £55 per week or £65 per week for 20-year-olds; a measure which will be of particular value to small retailers needing unskilled help.

At the top end of the wages scale, the Chancellor has removed some of the paperwork associated with benefits received by directors and the highly paid. A quick survey of small business lobby groups suggest that few employers have ever heard of form P11D(A), which requires them to list the names and National Insurance numbers of higher paid staff and directors not receiving taxable benefits in kind. However, they will no doubt be glad to hear that this bit of red tap has been scrapped.

The only disappointment for all but a minority of the small business lobby was that Lawson did not do more to increase the annual sales threshold at which businesses must register for VAT. The rise he announced from £19,500 to £20,000 is in line with inflation, but well short of widespread demands for a £100,000 threshold. On that matter, his hands are tied by the European Community, which would like if anything to see the British VAT threshold come down.

Business Investment Opportunities

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TECHNOLOGY

Computers come to rescue of Japan's bus system

JAPAN'S bus companies, faced with declining revenues as passengers turn to improved and speedier underground railway services, have been looking to new technologies as a means to win back custom and cut overheads.

Roy Garner, in Tokyo on how big cost savings and an improved service have been achieved

As a result, many travellers are now benefiting from such amenities as bus stops which provide computer-processed information on the expected arrival times of approaching buses, and the synchronisation of bus departures and train arrivals; no longer will a late-running train lead to missing the last bus home.

The bus companies are also finding the detailed "time and motion" data provided by the systems to be an invaluable tool in streamlining their operating procedures, both on routes equipped with monitors and on normal routes for which these can serve as a model.

Efforts to improve the lot of the bus traveller were spurred by a 1977 directive of the Transport Ministry which stressed the need to halt the decline in bus usage. The ministry recommended the development of comprehensive information ser-

VICES for bus users, complemented by improvements in street planning, including the widespread introduction of bus lanes.

Three companies have been involved in the development of these "Comprehensive Transit Control Systems" (CTCS): Matsushita Electric, Simitomo Electric Industries and Omron Tateisi, with current market shares of around 60 per cent, 30 per cent and 10 per cent respectively.

Although a system controlling a route with around 20 stops costs upward of Y1bn (\$11.4m), manufacturers claim a 10-15 per cent increase in bus usage and considerable savings on personnel, notably schedule-planning staff. The bus com-

panies, mindful of sensitive labour relations, decline to give precise figures on these reduced staff requirements.

Although there are detail differences between the equipment of the three makers the transit control systems are all basically comprised of a central processing unit located at the bus depot and an assortment of transmitters, receivers and monitors located either on the buses or at the bus stops.

All operations, including the sending of instructions to vehicle drivers are handled by the central computer, which requires only one supervisor. Fixed on-road receivers are mounted on poles which are over the road at bus stop sites. These pick up signals from bus-mounted transmitters which give such information on the vehicle as its route number and destination and the identification card number of the driver.

This information is fed in real-time via the central processor, which controls information provided on the display panels contained in each bus stop. These panels variously indicate the arrival of buses at up to three previous stops, the number, destination and order of arrival of approaching buses

and the time elapsed since the previous bus passed.

The central processor can also gather information on the volume of passengers handled by individual buses and monitor the working hours of drivers.

In the driver's cab a display unit can flash up to seven different instructions, such as "slow down," "speed up" or "contact the depot."

In a recent innovation in Yokohama and Tokyo the driver also receives information on the arrival of trains at underground stations, allowing for the bus to be ready and waiting for its alighting passengers.

Alongside the transit control systems, bus operators have



Fresh fields for Mowlem offshoot

By Geoff Charlis

IMPROVED combinations of modern sensors, microprocessors and software are opening up new horizons for ELE

As well as reducing the cost of such stations from £4,000 to about £2,000, ELE has incorporated a microprocessor which can be programmed to identify levels of say, temperature and humidity that are known to give rise to specific plant diseases. The farmer is alerted and can apply sprays or take other actions before it is too late.

Although aimed at farmers and growers, the station can provide routine measurements and weather records at low cost over a phone line to another location if necessary. Air and soil temperature, humidity, rainfall, surface wetness, wind speed/direction and daylight length can all be measured.

The instrument company has been providing soil mechanics expertise and measurement assistance to the civil engineering industry for 25 years and although that still accounts for two thirds of sales, the proportion has been dropping. "The market is flat," says Mr Philip Beck, chairman of Mowlem. So the company has been diversifying.

Over 85 per cent of ELE's sales are overseas and one of its latest products, a drinking water quality meter, is aimed mainly at third world countries. Called Paqualab, it costs £2,350, is about the size of a large portable radio and allows both chemical and bacteriological analyses.

In the field it is typically used to determine chlorine content which, if sufficient, high, indicates that the water is safe to drink.

If no chlorine is present, the water's electrical conductivity and clearness is measured. If these are high enough, bacteria are likely to be a problem. To confirm, the water sample is filtered and the bacteria, trapped on a filter membrane, are incubated at temperatures that will indicate the source of the "bugs"—usually human or animal excreta.

ELE sees an additional market for the instrument in Europe, where the EEC has laid down standards for coastal sea water pollution from sewage outfalls.

On land, particularly in the UK, many city sewers are wearing out, with the prospect of seepage into ground water. In ELE hopes to sell 500 Paqualabs a year.

On a fresher note, the company has developed a "brainy" automatic weather station that is interesting farmers and fruit growers.

TANNOY The Leaders in Public Address and Closed Circuit Television 0494 450608

As well as reducing the cost of such stations from £4,000 to about £2,000, ELE has incorporated a microprocessor which can be programmed to identify levels of say, temperature and humidity that are known to give rise to specific plant diseases. The farmer is alerted and can apply sprays or take other actions before it is too late.

The company has chosen to diversify in its efforts to counter a flat market for its traditional products

On a wider basis another subsidiary at Hemel Hempstead, Mowlem Microsystem, has developed a small box of electronics called ADU (automatic data acquisition unit). This can be connected between as many as 64 sensor outputs and virtually any desk top computer, to order.

A microprocessor in the ADU is programmed to carry out measurements in any sequence and manipulate and display them as desired. The company already has over 100 customers one of which is the British Standards Institution which is using it to obtain impact test results on safety helmets, in minutes instead of hours using paper methods.

Only half of ELE's sales are of products it has originated itself. The rest of the company's £3m sales are of instruments and systems from some 300 UK companies that are thus able to benefit from a network of 80 distributors abroad that most of them could never afford to set up individually.

Digital dictation is central for an increase in efficiency

DIGITAL DICTATION for centralised use by larger companies is being made available in Europe by Harris Corporation in the US.

System IV can be used 24 hours a day, seven days a week, from any telephone in the world. The user just rings in and with verbal assistance from the controlling computer, dictates his material down the line. The speech signals are digitised and recorded in a rapid access magnetic disk store which can hold up to 20 hours of dictation.

Later, the dictation can be allocated to specific audio typists through a management control console which handles work-flow and routing automatically.

Harris claims important advantages over conventional tape cassette machines. There are no cassettes to be lost, documents can be erased quickly, there is no

rewinding and no tape degradation. Furthermore, there is no further expenditure on recording media once the system has been installed. Typists can go immediately to any point on the disk and

they can control the speed at which work is replayed to them. The system costs about £2,000 a month to lease in the UK. More on 0734 698787.

SAVING BIBLES is not a routine activity at Harwell, but recently the British Atomic Energy Authority labs were asked to rescue a 17th century lectern bible that had been saturated with water due to a leak in a Warwickshire church.

The book was quickly wrapped in polythene and put in a deep freezer to prevent further deterioration or bacterial growth. At Harwell, the water was removed, without the application of heat, by putting the bible in a chamber in which pressure was reduced to about two per cent of atmospheric. The 40 lb book dried out in two weeks leaving little visible marking. During this time some four gallons of water was removed.

CUSHIONING MATERIAL made from Dow Chemical polyethylene foam can be thoroughly tested in packaging component form using a service to be offered by Dow in Europe.

The US company has launched a new mobile testing service so that drop tests can be carried out by salesmen, working out of Paris, London and Frankfurt, at any loca-

tion convenient to customers and fabricators. More from Dow Chemical Europe in Horgen, Switzerland, on 1 728 2111.

DIETHYLENE GLYCOL, the anti-freeze agent which has been found in some European wines and caused the 1985 scandal, can be detected in concentrations as low as 10 milligrams per litre using a method developed by the Hewlett Packard Instrumentation Group, Bracknell, UK.

The company's 5890A gas chromatograph is used in conjunction with another HP instrument, the model 5970B mass selective detector.

The wine sample is injected directly, without pre-treatment or separation and the company claims the method is quick and easy to carry out as well as highly accurate. More on 0344 424898.

CASH THEFT becomes difficult with an alarm system from a UK company called Transloc (077 33363).

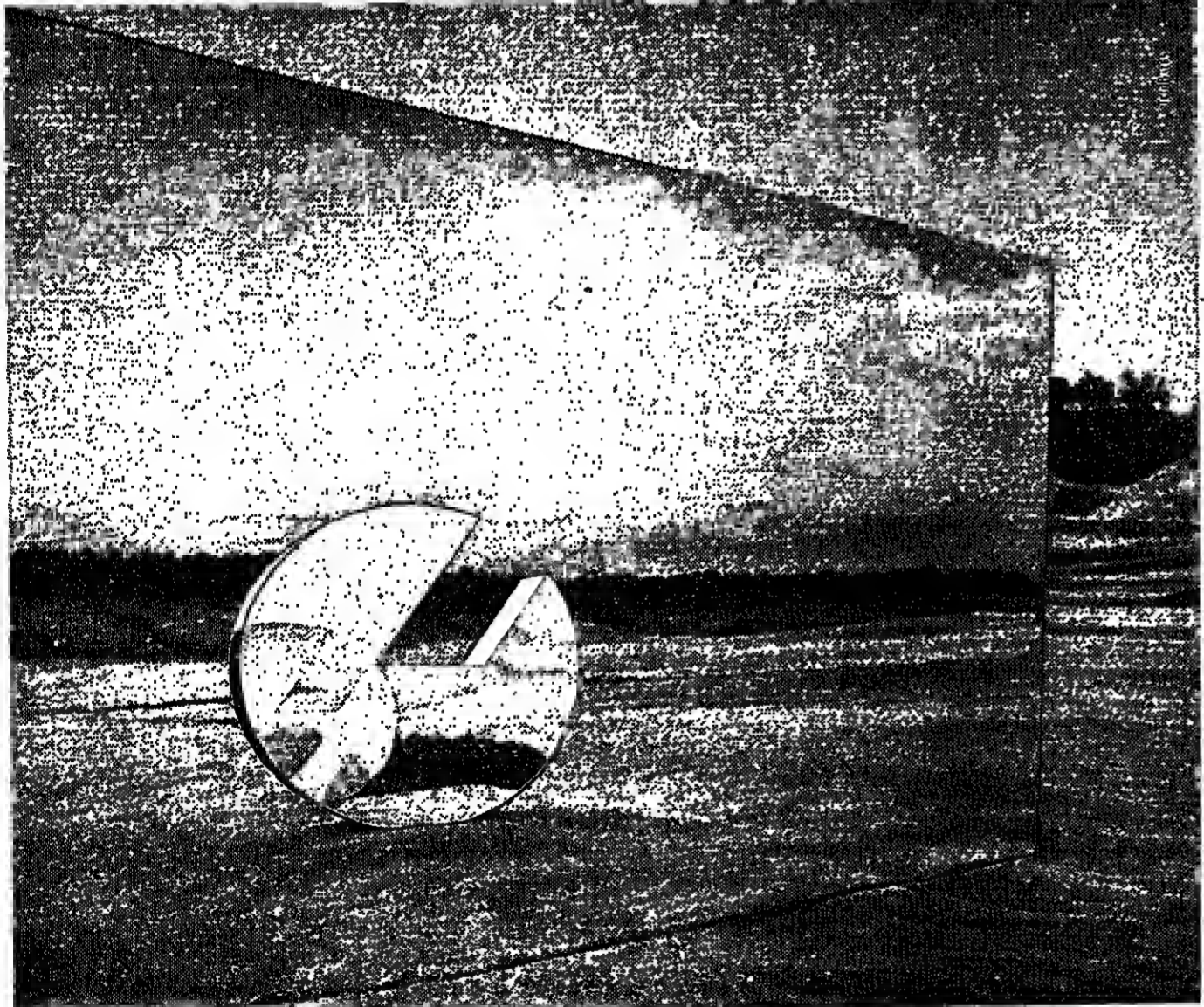
The money is carried in a bag containing a small radio receiver which normally receives a signal from a belt-mounted transmitter worn by the person carrying the cash.

However, if the two are separated because a thief has snatched the bag, the received level drops causing a sharp audible warning to be triggered and a vibrating dial indicator is activated within the bag, marking the notes. In addition, pink smoke pours out, marking everything and everyone it reaches. Called S-100, the system costs £35.

FINNISH MOBILE communications company Mobira, part of the Nokia group, has developed a hand-held cellular radio unit which it claims is lighter, smaller and easier to hold than any other unit currently available.



Weighing only 750 grams, and called Cityman, it can be used on either of the UK's Cellnet and Vodafone cellular radio networks. In the UK, Mobile is in Cambridge on 0223 862762.



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DG BANK Deutsche Genossenschaftsbank The broadly based Bank

Tokyo Pacific Holdings N.V. Curaçao, Netherlands Antilles. Annual General Meeting of Shareholders. Notice is hereby given that the Annual General Meeting of Shareholders of Tokyo Pacific Holdings N.V. has been called by the Manager, Intimis Management Company N.V. The Meeting will take place at John B. Gorsirweg 6, Willemstad, Curaçao, Netherlands Antilles on 17th April, 1986, at 10.30 a.m.

Tokyo Pacific Holdings (Seaboard) N.V. Curaçao, Netherlands Antilles. Annual General Meeting of Shareholders. Notice is hereby given that the Annual General Meeting of Shareholders of Tokyo Pacific Holdings (Seaboard) N.V. has been called by the Manager, Intimis Management Company N.V. The Meeting will take place at John B. Gorsirweg 6, Willemstad, Curaçao, Netherlands Antilles on 17th April, 1986, at 10.00 a.m.

Payee Agents: Pierson, Holding & Pierson N.V. Herengracht 214, 1018 BS Amsterdam. National Westminster Bank PLC Stock Office Services 2nd Floor, 20 Old Broad Street London EC2N 1EJ.

Payee Agents: Pierson, Holding & Pierson N.V. Herengracht 214, 1018 BS Amsterdam. National Westminster Bank PLC Stock Office Services 3rd Floor, 20 Old Broad Street London EC2N 1EJ.

IMPORTANT NOTICE Gateway Building Society, Worthing, West Sussex, wish it to be known that 600 Society cheques have been stolen in transit between two of the Society's offices and are being used fraudulently to obtain goods and services. The cheques are drawn on National Westminster Bank plc. At High Street, Bedford and the cheque numbers are all in the range 367801-368400.

Tokyo Pacific Holdings N.V. Tokyo Pacific Holdings (Seaboard) N.V. The Annual Report as of 31st December, 1985 has been published and may be obtained from: Pierson, Holding & Pierson N.V. Herengracht 214, 1018 BS Amsterdam.

FT COMMERCIAL LAW REPORTS

Unpaid dividends are not a loan

IN RE LB HOLLIDAY & CO LTD
Chancery Division: Mr Justice Mervyn Davies; February 28 1986.

ACCUMULATED UNPAID dividends do not become a "loan" for the purpose of claiming in a liquidation in the absence of express or implied agreement between the company and shareholders or recognition of a loan situation.

Mr Justice Mervyn Davies so held when refusing an application by Holliday (Holdings) plc against the liquidators of its subsidiary, LB Holliday & Co Ltd, for an order reversing their decision to reject its proof of debt in the liquidation.

Section 212 (1) (g) of the Companies Act 1948, now section 262(2)(f) of the 1985 Act, provides that the sum due to any member of a company, in his character of a member, by way of dividends, shall not be deemed to be a debt of the company payable to that member.

HIS LORDSHIP said that Holdings was beneficial owner of all the issued shares in the subsidiary.

In March 1982 a resolution was passed for the voluntary winding-up of the subsidiary. One of the directors wrote to the prospective liquidator asserting there was a loan outstanding due to Holdings from the subsidiary, of £3.5m.

On June 10 1983 he wrote again formally submitting Holdings's claim for £3.5m, said to be made up of "amounts" in respect of dividends.

The liquidators rejected the claim on the ground that the £3.5m was due to a member of the company in his character as member and, under section 212 (1) (g) of the Companies Act 1948, was not deemed to be a debt.

Holdings applied to the court contending that the ground for rejection was unsatisfactory. It said that the £3.5m, at commencement of winding-up, was due to it in its character as leader, out as member.

The evidence was that in 1972 the subsidiary had accumulated reserves, and it was decided to declare a special dividend of £999,975, which would be capitalised by way of bonus issue.

Holdings was advised that since the dividend was out required for its use, the cash could be lent to the subsidiary. A cheque for £999,975 was drawn on the subsidiary and paid to Holdings. On the same day Holdings provided a cheque in the same sum for the subsidiary.

It was decided that in future dividends in the hands of Holdings would be available to lend to the subsidiary where there was need for expansion. The cheque was declared in Holdings's favour. They were not paid over but were retained by the subsidiary for use in its trading activities.

Holdings said it was plain from the accounts that the dividends payable to Holdings were treated as a loan back to the subsidiary. The liquidator said there was no lending back and that the dividends were simply left unpaid.

The question was whether the dividends declared since 1972 were to be regarded, at date of winding-up, as sums due to Holdings in its "character of a member, by way of dividends" within section 212(1)(g), or whether they changed their character so as to be claimable as debts.

It was for Holdings to establish that the money was due to it otherwise than in its character as a member. To get out of the grip of section 212(1)(g) it must show that the unpaid dividends were the subject of some agreement, express or implied, between Holdings and the subsidiary, or that Holdings entered into a loan agreement with the subsidiary, or that Holdings were taken to be in the same position as if the dividends had been paid and paid back as a loan—in other words, recognition necessarily of a loan situation.

Miss Williamson, for Holdings, submitted that there was some agreement; the dividends were to be held by the subsidiary on the understanding that they were to be paid back to Holdings with the passage of time. The fact that no actual payments were made either way was explained by saying that circuitry of action was unnecessary.

There were difficulties in accepting that submission. The first was as to evidence of agreement. Miss Williamson accepted there was no express agreement, but relied on agreement to be implied from the adopted policy and the course of dealings between the companies.

One would not expect a holding and a subsidiary company to bind themselves by contract in a matter of this nature.

There were no minutes or documents or other company which suggested there was any binding agreement. The court declined to infer any agreement between the companies.

The second difficulty was that even if there were an agreement, it would be unsupported by consideration.

The third difficulty was that the effect of the deemed or notional payment.

It was accepted that it was unnecessary when there were mutual debts to pay and repay cash. Book entries might be made giving rise to credit or debit.

In Spargo & Co App 407 Lord Justice Medley said that "where a transaction resolves itself into paying money, then handing it back... If the parties agree to set one demand against the other, they need not go through the formal ceremony of handing the money backwards and forwards."

But to strike a balance that way must involve the use of real sums of money.

In the present case the first "loan" was said to be £999,975 paid by cheque. But it could not be said in truth that Holdings ever received that sum so as to be in a position to lend it back, because when the subsidiary drew its cheque it was without funds and without sufficient overdraft facility of its bank to honour the cheque.

In those circumstances it was permissible to take the view that in law (as opposed to bank entries) no payment was ever left the subsidiary. If that were so, the money did not reach Holdings and Holdings never lent it back.

For those three reasons, Holdings cannot base its claim on any agreement.

In connection with recognition, one must examine how the dividends had been treated. If the dealings over the years necessarily made it reasonable to assume that the payments were to be regarded as being in a loan situation, the court should recognise that and accept there had been a change from unpaid dividends to loan.

As years passed there must be a tendency for unpaid dividends as money left on loan. Also, all concerned in the affairs of both companies had accepted throughout to good faith, nothing was done which would amount to defeating section 212(1)(g) or any other improper intention.

It was a fact that the dividends were sometimes referred to as "loans" in the published accounts, and were recorded by both companies in accounts entitled "loan accounts".

Against these considerations in favour of change, the following considerations suggested no change:

(1) There was never any demand by Holdings for payment, and it was difficult to see that the subsidiary ever had the cash to meet a demand had one been made.

(2) While the sums owing to Holdings were recorded in "loan accounts", that might be a misnomer, because the accounts were not general loan accounts. They were merely a record of unpaid dividends.

(3) No interest was paid. One would expect a loan to bear interest.

(4) The bonus issue could have been made whether the £999,975 was money lent or was unpaid dividend.

(5) Neither company had minutes or documents which referred to any change in the character of the unpaid dividends.

(6) All or some of the balances shown in the subsidiary's loan account were not true balances but notional balances framed as an expected declaration of dividends.

(7) The liquidators produced a document which showed that from 1972 onwards the borrowing limits on the subsidiary were exceeded if unpaid dividends were regarded as a loan.

(8) The letter of June 10, 1983 claiming £3.5m referred to dividends, not a "loan outstanding" as did the letter of March 1982.

Reviewing all those considerations one could only conclude that Holdings' claim of entitlement to escape section 212 (1) (g), that there had been no change or transmutation. The answer was in favour of the liquidators.

For Holdings: William Stubbs QC (Sebastian Coleman & Co)
For the liquidators: Michael Lyndon-Stonford QC and J. D. Mortineau (Wm F. Prior & Co).

By Rachel Davies Barrister

THESE REPORTS, together with full texts of judgments, are published in monthly instalments. For subscription details contact Kluwer Law Publishing, Africa House, 18 Kingsway, London WC2B 6BD. Phone 01-831 0381.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Backwater Management Co Ltd, Barchinon Fund Managers, and Lend Lease Administration Ltd. Each entry includes the trust name, address, and contact information.

FINANCIAL TIMES SURVEY: The Financial Times proposes to publish a Survey on EMPLOYEE OWNERSHIP 9 APRIL 1986. For information about how to advertise and a copy of the synopsis, contact: Peter Highland, Financial Times, Bracken House, 10 Cannon Street, London EC4A 3DF. Tel: 01-245 8000 ext 3360. Telex: 885033. Details of Financial Times Surveys are subject to change at the discretion of the Editor.

F.T. CROSSWORD PUZZLE No. 5981. A crossword puzzle grid with numbers 1 through 31 indicating starting positions for clues.

ACROSS: 1 Chinese takeaway counter? (4), 6 Directions on a ship for finding the coast (8), 10 Not a particular person (7), 11 Drain a pipe (7), 12 Cut a prison term (4), 13 Saw nothing new in an honest feller! (10), 15 Make a mistake and run for it (6), 16 Pile made by industrious workers (3-4), 20 Endlessly longing for a headache cure (7), 21 Whee in a hole, use your ingenuity (6), 24 Tina in mood that's awkward, gets a warning (10), 26 A French veto soon (4), 28 French boarding house appreciated by the retired (7), 29 American city fashionable in the past (7), 30 Looked very worried in ill-used garb (8), 31 It's used for pounding with a mortar (6). DOWN: 1 Gave Bill the O.K. (8), 2 Soldiers in camp—sorry, or manoeuvres (4), 3 A superior preposition (4).

APPOINTMENTS Co-op Bank senior posts

The CO-OPERATIVE BANK, Manchester, has appointed Mr James Barpe as executive director (city) and Mr Peter Williams as executive director (finance). They were general managers. Mr Barpe is chairman of the International Chamber of Commerce's commission on banking techniques and practice.

LUCAS INDUSTRIES has appointed Mr Jack Fryer as group director of product technology in succession to Dr B. A. Jarrett, who is retiring later this year. Mr Fryer joins the group from Rank Xerox in April and will accept the post of responsibilities from Dr Jarrett on July 1, when he becomes a member of the Lucas executive. As director and chief engineer at Rank Xerox, Mr Fryer was responsible for the design, development and pilot plant manufacture of the 1045 family of copiers.

MACDONALD MARTIN DISTILLERIES has appointed Mr Anthony J. Burnett as export sales director. Mr Burnett, who has been a director of subsidiary distilleries Macdonald's Muir, James Martin & Co since 1979, is responsible for the sales of all the Macdonald Martin portfolio of brands in the American and tax-free markets.

Dame Jennifer Jenkins, who retired as non-executive director of Sainsbury's in March 1985, is to become chairman of the NATIONAL TRUST on April 1. Dame Jennifer joined the Sainsbury board in 1981, having previously been chairman of the Consumers' Association from 1982-1978 and editor of the Historic Buildings Council for England since 1975. Mrs Diana Eccles has joined the Sainsbury board as a non-executive director. Mrs Eccles is vice-chairman of Durham University Council, a member of the Widdicombe Inquiry into Local Government, and director of Tyne Tees Television and the British Council of the National Council for Voluntary Organisations.

CROWN HOUSE has appointed a deputy managing director of W. J. Furze & Co. Mr Paul Ludlow becomes a director, responsible for Furze Engineering. Mr Alan Miles has been appointed deputy managing director of Dema Glass, UK tableware division of Crown House.

Mr Peter Laif has been appointed deputy managing director of GOOD RELATIONS PUBLIC AFFAIRS, a subsidiary of Good Relations Group. He will have special responsibility for coordinating international political communication assignments between London, Washington, Brussels, Ottawa and Tokyo.

Mr Joe L. Allbritton has been appointed a deputy chairman of A.P. BANK. He is chairman and chief executive of the bank's Riggs National Corporation and the Riggs National Bank of Washington, DC.

CONTRACTS £11m orders for Mansell

M. MANSELL, Croxford, has been awarded a variety of contracts totalling over £11m for refurbishment, new build, repairs, maintenance and minor works. Largest is conversion of the Flying Angel Seaman's Hostel in Victoria Dock Road, E16, into 41 self-contained flats under a contract worth nearly £2m for Look Ahead (Bancor Hotels). Work is due to start on March 3 and take 20 weeks to complete. Work on this 8-storey 1930's building includes provision of staff accommodation, laundry, kitchen, TV and games room, general communal facilities and replacing all windows. For the London Borough of Tower Hamlets the company is carrying out £1.3m structural repairs and improvements to Stivil House, a 22-storey block of flats in Columbia Road, E1, involving re-roofing, repairs to exterior concrete and brickwork, and replacing of windows and doors. Work has started and is due for completion in February 1987.

JOHN NUGENT CONSTRUCTION has won contracts worth £4m. These include £1.4m for works to 13 cargo area offices of Luftansa German Airlines at the Cargo Village, Heathrow; a £1m contract for the Bartle, Bogie and Gregory headquarters at 24-27 Great

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Table listing various unit trusts and insurance companies, including Pearl Trust Managers Ltd, San Alliance Fund Management Ltd, and others, with columns for company name, address, and contact information.

Table listing various unit trusts and insurance companies, including Allied Dunbar Assurance Plc, Continental Life Insurance Plc, and others, with columns for company name, address, and contact information.

Table listing various unit trusts and insurance companies, including General Portfolio Life Ins. Plc, Kingswood House, Kingswood, and others, with columns for company name, address, and contact information.

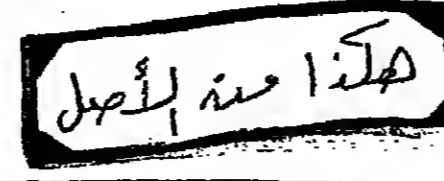
Table listing various unit trusts and insurance companies, including Manufacturers Life Insurance Co (UK), Property Growth Ass Co Ltd, and others, with columns for company name, address, and contact information.

Table listing various insurance companies, including AA Friendly Society, Abbey Life Assurance Co Ltd, and others, with columns for company name, address, and contact information.

Table listing various insurance companies, including Clinical Medical Practice International, Imperial Life (UK) Ltd, and others, with columns for company name, address, and contact information.

Table listing various insurance companies, including Imperial Life (UK) Ltd, M & S Group, and others, with columns for company name, address, and contact information.

Table listing various insurance companies, including Phoenix Assurance Co Ltd, Scottish Widows' Fund Management, and others, with columns for company name, address, and contact information.



INSURANCE, OVERSEAS & MONEY FUNDS

Table of financial data for various insurance and investment funds, including columns for fund names, codes, and values.

Table of financial data for various insurance and investment funds, including columns for fund names, codes, and values.

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Table of financial data for various insurance and investment funds, including columns for fund names, codes, and values.

Money Market Trust Funds

Money Market Bank Accounts

NOTES

TRADITIONAL OPTIONS

3-month call rates

Table of 3-month call rates for various financial instruments.

COMMODITIES AND AGRICULTURE

Currency boost for Australian mine output

By Kenneth Marston, Mining Editor. AUSTRALIA'S mine production rose fresh last year, according to figures from the Bureau of Mineral Resources.

The great iron ore mines of Western Australia benefited from a continued increase in demand from overseas customers, notably in the developing Asian countries.

Production of aluminium also reached a new record, increasing to 851,286 tonnes from 757,796 tonnes, while the production of copper contained in concentrates moved up to an estimated 258,000 tonnes from 238,000 tonnes.

Nickel output increased to 85,000 tonnes from 76,389 tonnes, largely as a result of an increase to full capacity working at the loss-making Teniente mine in Queensland and Freeport McMoran.

India launches scheme to cut farm loan defaults

BY JOHN ELLIOTT IN NEW DELHI

THE WORLD Bank has persuaded India to launch a major campaign to improve the low level of repayment of agricultural loans in return for being granted a new tranche of the Bank's agricultural credit totalling \$375m.

This is the fifth line of agricultural credit approval by the bank for India, but its introduction was delayed 18 months ago because the bank was not willing to commit fresh funds till credit control and repayment systems were improved.

Other farmers default because they borrow around Rs 30,000 for tube wells and run out of money before they have drilled deep enough to find water. Such cases are being reviewed under the World Bank project.

Non-payment is sometimes encouraged by local and regional politicians at election and other times. Big landowners also often refuse to repay loans of Rs100,000 or more for tractors, believing they will find sufficient local power to avoid any penalties.

The Indian Government has agreed to a fundamental review of the agricultural credit system and a scheme which from July 1 will reduce the flow of refinancing funds by as much as 75 per cent to bank branches whose customers have defaulted records.

Many farmers default on their loans when their crops fail because of drought or other setbacks. This problem is being tackled by the Government with a crop insurance scheme which is being expanded across the country having started in 1984 in 12 states for over 600,000 farmers.

Each bank branch is allocated one field officer for every 500 accounts. The World Bank is leading the field officer money to buy a motor bike and it is his job to develop a close, consultative relationship with farmers who he visits according to a set programme.

In addition, banking procedures are being introduced and streamlined to reduce problems for customers and to start regular monitoring of accounts.

LONDON MARKETS

BEARISH short-term supply/demand factors continued to depress values on the London coffee futures market yesterday. The May position ended at \$2,363.50 a tonne, adding \$22 to last week's \$1,117 decline.

The sugar market continued its advance meanwhile, with the London daily raws price gaining another 86 to a 20-month high of \$182 a tonne at its morning fixing.

Aluminium prices were mixed, with the London metal price ending at \$1,148.50 a tonne, down 10 to the previous day's closing.

There was good demand at the London tea auction yesterday, as the Tea Brokers' Association of London said, reports Reuters.

INDICES FINANCIAL TIMES

Table with 2 columns: Index Name, Value. Includes REUTERS, DOW JONES, and MAIN PRICE CHANGES.

US MARKETS

Table with 2 columns: Commodity, Price. Includes Precious Metals, Orange Juice, Platinum, Silver, Sugar World, and New York.

CHICAGO

Table with 2 columns: Commodity, Price. Includes Live Cattle, Live Hogs, Soybeans, and Soybean Meal.

Sudan barter surplus cotton

BY JOHN MURRAY BROWN IN KHARTOUM

SUDAN, Africa's second biggest cotton producer after Egypt, is resorting to barter deals with East Bloc countries in a bid to off-load large unsold quantities.

An agreement worth \$130m was signed last week with Rumania under which cotton is used as part payment for services supplied to Sudan's agricultural and industrial sectors.

Even with the current downward trend in world prices, the stockpile is worth an excess of US\$500m. This further strains efforts to service the country's massive US\$90m foreign debt.

policy for the present crisis, pointing out that Egypt, Sudan's one competitor in production of the high quality long staple cotton, is reporting improved sales at higher prices.

The US Agency for International Development has long argued that with costs of inputs such as fuel and insecticides spiralling, cotton's net profitability has come under pressure.

After good rains this year, farmers are expecting record surplus figures for sorghum, the country's staple food.

COFFEE

Prices suffered from long liquidation and a sharp drop in physical market take and could not hold despite declining selling reports.

COFFEE

Prices opened 50p higher on trade buying and remained firm until late cash selling depressed the market.

LEAD

Official closing (am): Cash 252.5-3 (262-3), three months 203.5-4 (262-3), settlement 262 (262.5). Final Kib: 262 (262.5).

NICKEL

Official closing (am): Cash 2,725-35 (2,725-35), three months 2,725-35 (2,725-35), settlement 2,725 (2,725). Final Kib: 2,725 (2,725).

TIN

Official closing (am): Cash 2,725-35 (2,725-35), three months 2,725-35 (2,725-35), settlement 2,725 (2,725). Final Kib: 2,725 (2,725).

GOLD

Gold fell 3 1/2 to \$350.35 on the London bullion market, reacting to the lack of agreement on oil production cuts was expected to put downward pressure on gold prices.

COFFEE

Prices opened 50p higher on trade buying and remained firm until late cash selling depressed the market.

LONDON METAL EXCHANGE WAREHOUSE STOCKS

Table with 2 columns: Metal, Stock. Includes Aluminium, Copper, Lead, Nickel, Zinc, Tin, Silver.

THE NEW 230,000 tonne per year Becancourt aluminium smelter in Quebec, Canada, is to be brought on stream on April 20, one month before the original schedule.

Australian wool market stages pre-Easter rally

BY PATRICIA NEWBY IN MELBOURNE

AUSTRALIAN WOOL prices, which had been declining since the new year, rallied last week on the eve of the three week Easter recess in the selling season.

Strong buying from Europe supported by China pushed up some merino types by as much as 7 Australian cents a kilo clean. The market indicator rose 3 cents a kilo on the first day of last week's auctions and held steady all week.

Good demand at London tea auction

THERE WAS good demand at the London tea auction yesterday, as the Tea Brokers' Association of London said, reports Reuters.

Waiting for the fat years

"THE ONLY good news I can offer to European farmers is that they are not involved in a trade war with the United States. The bad news is that it will look like a trade war as the farm subsidy regimes of both the US and the EEC, are overwhelmed by the rising success of the world's other farmers."



But then, since 1931 there has been a guaranteed price for wheat for all British farmers, which is a factor in our disdain for things co-operative.

Table with 2 columns: Commodity, Price. Includes Gold Bullion, Silver, and Soybean Meal.

Table with 2 columns: Commodity, Price. Includes Soybean Meal, Grains, and Wheat.

Table with 2 columns: Commodity, Price. Includes Soybean Meal, Grains, and Wheat.

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US MARKETS

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CHICAGO

Table with 2 columns: Commodity, Price. Includes Live Cattle, Live Hogs, Soybeans, and Soybean Meal.

COFFEE

Table with 2 columns: Commodity, Price. Includes Coffee, Cocoa, and Rubber.

LEAD

Table with 2 columns: Commodity, Price. Includes Lead, Nickel, Tin, and Silver.

NICKEL

Table with 2 columns: Commodity, Price. Includes Nickel, Tin, and Silver.

TIN

Table with 2 columns: Commodity, Price. Includes Tin, Silver, and Soybean Meal.

GOLD

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Table with 2 columns: Commodity, Price. Includes Soybean Meal, Grains, and Wheat.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar improves as pound slips

The dollar rose on the foreign exchange market yesterday after a successful attempt by Japanese officials to talk the US currency higher. It was not clear whether the Federal Reserve Board was happy to see a retreat from an official at the Bank of Japan that both central banks think the dollar's fall is more or less correct.

£ IN NEW YORK

Close Mar. 24 Prev. Close
1 month \$1.0801-1.0785 \$1.0785-1.0785
3 months 1.0785-1.0785 1.0785-1.0785
6 months 1.0785-1.0785 1.0785-1.0785

FINANCIAL FUTURES

US bonds firmer

US bond prices were firmer in the London International Financial Futures Exchange yesterday but finished below the day's best levels. Opening levels were down from Friday's close.

STERLING

Sterling based instruments finished weaker on the day. Sterling lost all of its earlier gains as its exchange rate index fell a full point from the opening to 94.33.

The dollar rose to DM 2.2865 from DM 2.2415; FF 7.02 from FF 6.8975; SF 1.9170 from SF 1.8715; and Y175.87 from Y175.87. The Bank of England figures the dollar's index rose to 118.1 from 116.7.

The yen weakened against the dollar, following comments by the Bank of Japan to include the suggestion that the dollar's fall was more or less complete. The dollar rose to DM 2.2865 from DM 2.2415; FF 7.02 from FF 6.8975; SF 1.9170 from SF 1.8715; and Y175.87 from Y175.87.

LIFFE LDCO OIL FUTURES OPTIONS table with columns for Strike, Call, Put, Last, etc.

LIFFE TREASURY BOND FUTURES OPTIONS table with columns for Strike, Call, Put, Last, etc.

LIFFE EURO-DOLLAR OPTIONS table with columns for Strike, Call, Put, Last, etc.

POUND SPOT—FORWARD AGAINST POUND

Table showing POUND SPOT—FORWARD AGAINST POUND with columns for Date, Day's spread, Close, One month, etc.

CURRENCY MOVEMENTS

Table showing CURRENCY MOVEMENTS with columns for Bank of England, Morgan Guaranty, etc.

CHICAGO

Table showing CHICAGO with columns for 20-YEAR 12% NATIONAL GILT, etc.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table showing DOLLAR SPOT—FORWARD AGAINST DOLLAR with columns for Date, Day's spread, Close, One month, etc.

CURRENCY RATES

Table showing CURRENCY RATES with columns for Bank rate, Special Drawing Rights, etc.

LONDON

Table showing LONDON with columns for 10% NATIONAL SHORT GILT, etc.

EXCHANGE CROSS RATES

Table showing EXCHANGE CROSS RATES with columns for Mar. 21, £, \$, DM, etc.

OTHER CURRENCIES

Table showing OTHER CURRENCIES with columns for Mar. 24, £, \$, DM, etc.

STERLING INDEX

Table showing STERLING INDEX with columns for Mar 20, Mar 21, Mar 22, etc.

EURO-CURRENCY INTEREST RATES

Table showing EURO-CURRENCY INTEREST RATES with columns for Mar. 24, Short, 7 days, 1 month, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS EUROPEAN CURRENCY UNIT RATES with columns for Currency, % change, etc.

FT LONDON INTERBANK FIXING

Table showing FT LONDON INTERBANK FIXING with columns for 11.00 a.m. Mar. 24, Three months US dollar, etc.

MONEY MARKETS

Rates firm as sterling retreats

UK interest rates were firmer in London yesterday, following sterling's fall on lower oil prices. Adjustments of the Opec meeting until April 15 depressed oil prices and the pound and effectively reduced the UK base rate in the short term.

UK clearing banks base lending rate 11 1/2 per cent since March 19

UK clearing banks base lending rate 11 1/2 per cent since March 19. The Bank of England forecast was later revised to a shortage of around £150m and the Bank gave assistance of £250m through overnight purchases of eligible bank bills.

NEW YORK RATES

Table showing NEW YORK RATES with columns for Prime rate, Fed Funds, etc.

MONEY RATES

Table showing MONEY RATES with columns for Mar. 24, Frankfurt, Zurich, Amsterdam, etc.

FT LONDON MONEY RATES

Table showing FT LONDON MONEY RATES with columns for Mar. 24, Over night, 7 days notice, etc.

COUNTRY CURRENCY VALUE OF £ STERLING

Table showing COUNTRY CURRENCY VALUE OF £ STERLING with columns for Country, Currency, Value of £ Sterling.

Holding Operation advertisement with illustrations of key rings, cuff links, and promotional gifts.

Company Notices

REPUBLIC OF FINLAND 150,000,000 14 1/2 per cent Loan Stock 1986. NOTICE IS HEREBY GIVEN pursuant to Section 238 of the Companies Act 1985 that a Meeting of the creditors of the above named Company will be held at the offices of LEONARD CURTIS & CO.

Legal Notices

WESTCOEN FASHIONS LIMITED T/A REPLAY. NOTICE IS HEREBY GIVEN pursuant to Section 238 of the Companies Act 1985 that a Meeting of the creditors of the above named Company will be held at the offices of LEONARD CURTIS & CO.

CLASSIFIED ADVERTISEMENT RATES

Table showing CLASSIFIED ADVERTISEMENT RATES with columns for Commercial & Industrial, Residential Property, etc.

WORLD VALUE OF THE POUND

Table showing WORLD VALUE OF THE POUND with columns for Country, Currency, Value of £ Sterling.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, Dividend, and Yield. Includes sections for 'Shorts' (Lives up to Five Years), 'Five to Fifteen Years', and 'Over Fifteen Years'.

Undated

Table of undated British funds with columns for Name, Price, Dividend, and Yield.

Index-Linked

Table of index-linked British funds with columns for Name, Price, Dividend, and Yield.

GOVT. BANK AND O'SEAS

Table of Government, Bank, and Overseas funds with columns for Name, Price, Dividend, and Yield.

CORPORATION

Table of Corporation funds with columns for Name, Price, Dividend, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans funds with columns for Name, Price, Dividend, and Yield.

LOANS

Table of Loans funds with columns for Name, Price, Dividend, and Yield.

Public Board and Ind.

Table of Public Board and Industrial funds with columns for Name, Price, Dividend, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails funds with columns for Name, Price, Dividend, and Yield.

AMERICANS - Cont.

Table of American funds with columns for Name, Price, Dividend, and Yield.

CANADIANS

Table of Canadian funds with columns for Name, Price, Dividend, and Yield.

BANKS, HP & LEASING

Table of Banks, Hire Purchase, and Leasing funds with columns for Name, Price, Dividend, and Yield.

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AMERICANS

Table of American funds with columns for Name, Price, Dividend, and Yield.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Table of Building, Timber, and Roads shares with columns for Name, Price, Dividend, and Yield.

DRAPERY & STORES - Cont.

Table of Drapery and Stores shares with columns for Name, Price, Dividend, and Yield.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics shares with columns for Name, Price, Dividend, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores shares with columns for Name, Price, Dividend, and Yield.

GOVT. BANK AND O'SEAS

Table of Government, Bank, and Overseas funds with columns for Name, Price, Dividend, and Yield.

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Public Board and Ind.

Table of Public Board and Industrial funds with columns for Name, Price, Dividend, and Yield.

ENGINEERING - Continued

Table of Engineering shares with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS - Continued

Table of Industrial shares with columns for Name, Price, Dividend, and Yield.

ENGINEERING - Continued

Table of Engineering shares with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS - Continued

Table of Industrial shares with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS - Continued

Table of Industrial shares with columns for Name, Price, Dividend, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers shares with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS (Miscel.)

Table of Miscellaneous Industrial shares with columns for Name, Price, Dividend, and Yield.

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Handwritten note: 10/10/10/10

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, dividends, and other financial metrics.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas, with columns for stock price, dividends, and other financial metrics.

PROPERTY—Continued

Table of property stocks including companies like British Land, Granada, and News International, with columns for stock price, dividends, and other financial metrics.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Venture, British Venture Income, and British Venture Growth, with columns for stock price, dividends, and other financial metrics.

FINANCE, LAND—Cont.

Table of finance and land stocks including companies like British Bankers' Association, British Finance, and British Land, with columns for stock price, dividends, and other financial metrics.

MINES—Continued

Table of mining stocks including companies like Anglo American, Anglo Coal, and Anglo Gold, with columns for stock price, dividends, and other financial metrics.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Aerospace, British Leyland, and Rover, with columns for stock price, dividends, and other financial metrics.

Commercial Vehicles

Table of commercial vehicle stocks including companies like British Leyland, British Leyland Finance, and British Leyland Services, with columns for stock price, dividends, and other financial metrics.

SHIPPING

Table of shipping stocks including companies like British Shipbuilders, British Shipbuilders Finance, and British Shipbuilders Services, with columns for stock price, dividends, and other financial metrics.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Shoe Manufacturers, British Shoe Manufacturers Finance, and British Shoe Manufacturers Services, with columns for stock price, dividends, and other financial metrics.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo American, Anglo Coal, and Anglo Gold, with columns for stock price, dividends, and other financial metrics.

TEXTILES

Table of textile stocks including companies like British Textiles, British Textiles Finance, and British Textiles Services, with columns for stock price, dividends, and other financial metrics.

INSURANCES

Table of insurance stocks including companies like British Insurance, British Insurance Finance, and British Insurance Services, with columns for stock price, dividends, and other financial metrics.

PROPERTY

Table of property stocks including companies like British Land, Granada, and News International, with columns for stock price, dividends, and other financial metrics.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Venture, British Venture Income, and British Venture Growth, with columns for stock price, dividends, and other financial metrics.

FINANCE, LAND, etc

Table of finance, land, and other stocks including companies like British Bankers' Association, British Finance, and British Land, with columns for stock price, dividends, and other financial metrics.

PLANTATIONS

Table of plantation stocks including companies like British Plantations, British Plantations Finance, and British Plantations Services, with columns for stock price, dividends, and other financial metrics.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like British Overseas Traders, British Overseas Traders Finance, and British Overseas Traders Services, with columns for stock price, dividends, and other financial metrics.

LEISURE

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas, with columns for stock price, dividends, and other financial metrics.

PROPERTY

Table of property stocks including companies like British Land, Granada, and News International, with columns for stock price, dividends, and other financial metrics.

INVESTMENT TRUSTS

Table of investment trusts including companies like British Venture, British Venture Income, and British Venture Growth, with columns for stock price, dividends, and other financial metrics.

FINANCE, LAND—Cont.

Table of finance and land stocks including companies like British Bankers' Association, British Finance, and British Land, with columns for stock price, dividends, and other financial metrics.

MINES—Continued

Table of mining stocks including companies like Anglo American, Anglo Coal, and Anglo Gold, with columns for stock price, dividends, and other financial metrics.

NOTES

Notes section containing various financial notices and announcements.

WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, Japan, Belgium/Luxembourg, Denmark, France, Italy, Netherlands, Switzerland, and Hong Kong. Columns include country, date, price, and change.

NEW YORK STOCK EXCHANGE

Table of New York Stock Exchange indices including Dow Jones Industrial Average, S&P 500, and NYSE Composite. Columns show date, index value, and change.

Indices

Table of international stock indices for Australia, Austria, Belgium, Denmark, France, Germany, Hong Kong, Italy, Japan, Netherlands, Norway, Singapore, South Africa, Sweden, Switzerland, and Taiwan.

LONDON Chief price changes

Table of London stock price changes for various companies like Addison Page, Argyle Trust, and BHP. Columns list company names and price changes.

ISTANBUL

Advertisement for Istanbul Special Subscription Hand Delivery Service, featuring DUNYA Miss Meral ERDEN and contact information.

OVER-THE-COUNTER Nasdaq national market, 2:30pm prices

Table of over-the-counter stock prices for various companies including Amgen, Amgen, and Amgen. Columns show stock name, price, and change.

Large advertisement for INFLIGHT INFORMATION, featuring a map of flight routes and contact details for various airlines.

Advertisement for Special Subscription Hand Delivery Service of the Financial Times, Europe's Business Newspaper, in The Netherlands.

Advertisement for Airlines, listing various international carriers such as Aerolineas Argentinas, Air France, and British Airways.

Prices at 3pm, March 24

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table of stock prices with columns for 12 Month High/Low, Stock Name, Div. Yld., P/E, and various price points.

Kidder, Peabody International Limited. International Investment Bankers. An affiliate of Kidder, Peabody & Co. Incorporated. Founded 1865. New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo

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NYSE COMPOSITE PRICES

AMEX COMPOSITE PRICES

Prices at 3pm, March 24

Continued from Page 44

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change.

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

Table of AMEX Composite Prices (continued) listing various stocks with columns for stock name, price, and change.

OVER-THE-COUNTER Nasdaq national market, 2:30pm prices

Table of Over-the-Counter prices listing various stocks with columns for stock name, price, and change.

Continued on Page 43

